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Guaranteed minimum income schemes and the right to personal development

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*Para os meus Pais,
o Paulo e a Sandra.*

Obrigado pelo vosso amor e carinho!

Guaranteed Minimum Income Schemes and the Right to Personal Development

Amilcar Manuel Reis Moreira

A thesis submitted for the degree of Doctor of Philosophy

University of Bath
Department of Social and Policy Sciences

June 2006

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1

ABSTRACT

The growth of persistent unemployment in Europe led to the introduction of activation requirements in GMI schemes as a means of improving their employment effectiveness. This move prompted two debates that deal with issues of fairness and effectiveness, and the balance between them. The first debate concerns the terms in which one can justify the provision of a right to a minimum income. In particular, questions are made as to the fairness of activation requirements and to the conditions under which individuals are asked to fulfil their obligations. The second debate concerns the balance between fairness and effectiveness in the activation of GMI recipients. More specifically, it is necessary to determine to what degree the guarantee of fairness can hamper, or further, the employment effectiveness of the schemes.

This thesis argues that the right to a minimum income can only be adequately justified with reference to the individuals' Right to Personal Development. Recognising that the right to a minimum income should be made conditional on the fulfilment of the individuals' obligation to exploit their talents, the Right to Personal Development nonetheless holds that this should be enforced in a context where they have effective opportunities to exploit their talents and that recognises the different activities that make a contribution to society.

Assuming that the right to a minimum income should be justified with reference to the individuals' Right to Personal Development, the thesis goes on to demonstrate that, with the exception of the freedom to choose other activities instead of paid employment, it is possible to combine a higher respect for the Right to Personal Development with higher levels of employment effectiveness.

LIST OF ABBREVIATIONS

AB - Algemene Bijstand

ALMP – Active Labour Market Policies

BSHG - Bundessozialhilfegesetz

EC – European Community

EU – European Union

GMI – Guaranteed Minimum Income

JSA – Jobseekers Allowance

OECD – Organisation for Economic Co-operation and Development

QCA - Comparative Qualitative Analysis

RMG - Rendimento Mínimo Garantido

RMI - Revenu Minimum d'Insertion

SB - Social Bistand

SWA - Supplementary Welfare Allowance

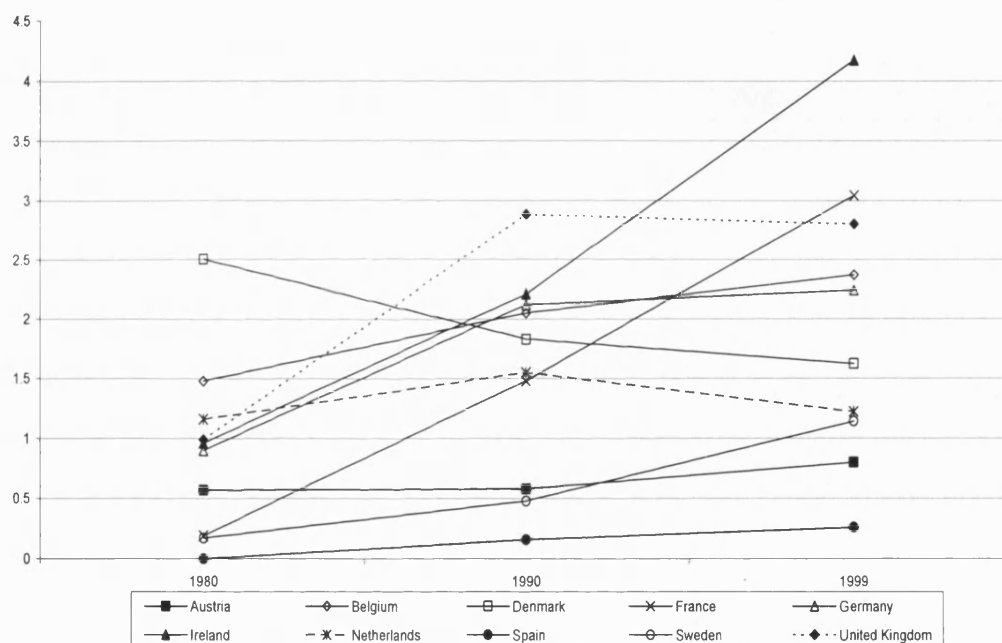
TTK - Toimeentulotuki

URP – Unemployment Reintegration Performance

1. INTRODUCTION

The last two decades in the European Union have been marked by the growth of structural unemployment. Although there is significant disagreement as to its causes, it seems to be the product of the interaction between the growth of international trade competition, the impact of technological change and the decline in the demand for certain skills (Ferrera and Rhodes 2000, p. 261). As Graph 1 illustrates, one of the most importance consequences of this process, was the increase of the number of persons depending on minimum income benefits, especially between 1980 and 1990.

Graph 1 - Reciprocity rates of lone-parent and social assistance benefits, as a percentage of the working age population, in EU member countries (1980, 1990 and 1999)¹



Source: OECD 2003, p. 225.

¹ For the sake of comparison, the OECD combined information on general social assistance and lone parent benefits in the same category (2003, p.182).

Given the impossibility of pursuing expansionary policies to combat unemployment², policy makers sought to improve the employment effectiveness of income support schemes. In this context, the OECD's Jobs Study initiative, published in 1992, advocated the introduction of time-limits to unemployment insurance entitlement and the reduction of after-tax replacement rates. In addition, long-term assistance benefits should be made conditional on the participation in active labour market programmes (OECD 1994, p. 38-39).

This debate was also pursued within the European Union. In 1992 the European Council suggested that, in order to improve the reintegration capacity of minimum income schemes, the right to a minimum income should be made conditional on a work requirement for able-bodied persons. At the same time, member states were encouraged to offer training courses to help recipients return to the labour market (European Council 1992, p. 3). In 1993, the European Commission's 'White Paper for Growth, Competitiveness and Employment' recommended that the new model for European society should be based on active, rather than passive solidarity. In particular, the White Paper emphasised the need to invest in active employment programmes (1993, p. 15-16). This trend was further reinforced with the approval of the European Employment Strategy in 1997 (Bosco and Chassard 1999, p.43-4 and Jonckers 2001, p. 9-10).

In this context, EU member countries introduced a set of reforms aimed at activating minimum income recipients³. In 1995 the UK government introduced the Jobseekers Act, which made the receipt of benefit dependent on searching, and accepting, available jobs⁴. Later, the government introduced the New Deal programmes that provided work and training opportunities for unemployed persons (Trickey and Walker 2000, p. 186-92). In Sweden, the new Social Service Act of 1998 established that the right to social assistance for individuals between 20 and 24, was conditional on their participation in local labour

² As Ferrera and Rhodes show (2000, p. 258-60), the governments' ability to tackle unemployment by pursuing expansionary policies was constrained by the increase in trade competition, which in turns puts pressure on governments to reduce the tax burden on business; by the integration of financial markets, which forces governments to focus on the stability of monetary policy variables (i.e. inflation and interest rates); and by the growing weight of healthcare and pensions systems in social expenditure.

³ For a more detailed review of the changes introduced in unemployment benefits see Pelizzari (2004).

⁴ In 1987, the United Kingdom government had already introduced the Restart programme by which long-term unemployed were summoned to compulsory interviews and job-search training, and it introduced benefit penalties for non-compliance (Dolton and O'Neil 1997, p. 1).

market programmes or local activity programmes⁵ (see Salonen and Johansson 1999, p. 11-2).

In Denmark, the law that regulated the provision of social assistance was amended in 1991 in order to compel municipalities to provide unemployed recipients under 25 with advice and activation offers, such as subsidised job training, employment projects or education courses. This law was amended in 1993 in order to extend the activation offer to individuals above 25 (Torfing 1999, p. 16). In 1998, the Act on Active Social Policy introduced a right and duty to activation. This meant the obligation to accept a 'suitable work offer', as defined by local authorities, or to participate in activation programmes (Rosdahl and Weise 2001, p. 167).

Finally, France, Spain, Portugal and Italy introduced Guaranteed Minimum Income (GMI) schemes where the right to a minimum income was made conditional on the individuals' willingness to engage in an insertion process, which could encompass active job-search, participation in education/training courses, participation in community programmes, etc. (Matsaganis *et al.* 2003, p. 646; Capucha 1998, p. 30, 36-42; Arriba and Moreno 2002, p. 16-18; Enjolras *et al.* 2000, p. 50-2).

However, as the following sections will show, these reforms raise important questions as to the nature of the right to a minimum income and the balance between fairness and effectiveness in the activation of GMI recipients. This thesis aims at providing a valuable and innovative contribution to these debates. This introductory chapter will provide the necessary background for this enterprise. Hence, the chapter starts by presenting the main institutional characteristics of GMI schemes and the different forms of minimum income provision. The second part of the chapter will clarify what is meant by activation and analyse the instruments and strategies used to activate GMI recipients. The last section will specify the research questions that will guide this study and provide an outline of the thesis.

⁵ The Social Services Act of 1982, gave individuals the right to social assistance in case they had exhausted their means to guarantee for self-sufficiency. Yet, this right was left very much unregulated, leaving space for municipalities and for judiciary organs to define particular aspects of policy implementation, such as benefit payment or the imposition of work requirements (Eardley *et al.* 1996b, p. 355 and Salonen and Johansson 1999, p. 11).

1.1. GMI SCHEMES AND THE PROVISION OF A SAFETY-NET

Social protection systems are based on two main pillars. The first is social security, which provides insurance-based protection against (work-related) social risks, such as unemployment, old age or illness. The right to social security is established on a reciprocal basis between the individual and society. Social assistance, on the other hand, provides non-contributory protection against social risks that are not covered by social security benefits. Thus, social assistance is unilateral and dependency based. This affects the status of the recipients, who are at risk of stigma and prejudice (Lodemel and Schulte 1992, p. 8-9).

Although it can include a variety of targeted and in-kind means-tested benefits⁶, Guaranteed Minimum Income schemes, as they constitute non-contributory, (quasi)universal benefits, targeted at individuals whose income is below a minimum standard; are a fundamental pillar of social assistance⁷. According to Lodemel and Shulte (1992, p. 10-11), European GMI schemes share the following institutional characteristics:

- They are subsidiary programmes within social protection systems and aimed at providing benefits to those in proven need;
- They are right-based;
- They are essentially universal, although certain targeted and categorical mechanisms do exist;
- They cover standard needs, although provisions for specific needs can be guaranteed by combining GMI with other benefits;
- Benefits are available for unlimited periods, but only if entitlement conditions still hold;
- There is a work-test condition for the able-bodied;
- They involve reintegration services/activities, which in some cases are mandatory;
- They are supplemented by private charity or third-sector support.

⁶ According to Eardley *et al.* one can differentiate between general assistance, which provides cash benefits for almost all people below a specified minimum income standard; categorical assistance, which provides cash benefits for specific groups, such as the unemployed, disabled, old-aged, etc; tied assistance, which provides access to specific goods or services in kind or in cash (ex. housing benefits, heating benefits, etc.) (1996a, p. 28).

⁷ Lodemel and Trickey for instance, use social assistance to refer to last-resort income support schemes (2000, p. 9).

In the context of the European Union member countries one can identify the following GMI schemes:

Table 1 – GMI schemes in European Union member countries

<i>Country</i>	<i>GMI scheme</i>
Austria	Sozialhilfe.
Belgium	Minimex
Denmark	Social Bistand (Social Assistance)
Finland	Toimeentulotuki (Social Assistance)
France	Revenu Minimum d'Insertion
Germany	Bundessozialhilfegesetz
Italy	Reddito Minimo d'Inserimento
Ireland	Supplementary Welfare Allowance
Luxembourg	Revenu Minimum Garanti
Netherlands	Algemene Bijstand
Portugal	Rendimento Mínimo Garantido
Sweden	Socialbidrag
Spain	Rentas Minimas (Regional Benefits)
United Kingdom	JSA (non-contributory), Income Support

1.1.1. MAPPING THE PROVISION OF A SAFETY-NET

The earliest attempt at mapping GMI schemes in Europe was conducted by Lodemel and Schulte in the late 1980's⁸. Based on Titmuss's typology of welfare regimes, the authors identified four poverty regimes:

- the institutionalised poverty-regime, associated with the UK, was characterised by the limited role of social insurance in tackling poverty. Beyond social insurance, the destitute could only count on the market to provide for their needs;
- the differentiated poverty-regime, typical of corporatist welfare states such as France and Germany, was based on a clear differentiation of the role of social insurance and social assistance in combating poverty. The role of social assistance was less relevant, but still with extensive coverage and clear entitlement rules;

⁸ In 1989, Serge Milano analysed GMI schemes in (Western) Germany, UK, the Netherlands, Belgium and France. However, the author's study is more focused on the description of the schemes, rather than on a comparison between them.

- the residual poverty-regime, which incorporated Nordic countries, was marked by the limited importance of social assistance in the fight against poverty. Social assistance schemes combine both income benefits and services to recipients;
- the incomplete differentiated regimes type, included Southern Europe countries that combined a highly differentiated structure of social protection systems with significant gaps in the provision of a minimum income (1992, p. 12-13, 18-19).

Eardley *et al.* (1996a) propose a more comprehensive typology that covers a number of aspects such as the extent, cost and coverage of social assistance; the relative generosity of benefits; the structure of implementation; the implementation of the means-test; and the level of discretion given to officials (1996a, p. 165). As Table 2 shows, there are significant differences in the provision of a minimum income guarantee in European countries. In the Nordic states, full-employment and the strength of social security has made social assistance a marginal form of welfare provision. Despite being based on national legislation, there is a significant level of discretion, as implementation is the responsibility of local municipalities.

Table 2 – Eardley et al. typology of social assistance schemes in OECD countries

<i>Cluster</i>	<i>Countries</i>
Welfare states with integrated safety-nets	UK, Ireland, Germany and Canada
Dual social assistance	France, Belgium, Netherlands and Luxembourg
Citizenship-based but residual assistance	Denmark, Finland, Sweden
Rudimentary assistance	Italy, Spain, Portugal, Greece and Turkey
Decentralised discretionary regime	Norway, Austria and Switzerland
Public assistance state	USA
Selective welfare systems	Australia, New Zealand
Centralised discretionary regime	Japan

Based on Eardley *et al.* (1996a, p.168-71)

In other countries, such as the UK, Ireland and Germany, the right to a minimum income is provided through a more-or-less integrated safety-net that covers a significant percentage of the population⁹. This contrasts with France, Belgium and Luxembourg, which introduced more inclusive schemes to complement the plethora of categorical means-tested benefits. In southern European countries, social assistance is targeted at particular groups,

⁹ There are nonetheless significant differences between them. For instance, whilst in Germany social assistance is implemented by the local authorities; in Britain, Income Support is delivered by the central government. In Ireland there is a significant number of categorical means-tested schemes, which cover a considerable proportion of the population (Eardley *et al.* 1996a, p. 169).

namely the elderly or the disabled. In addition there are discretionary programmes run by municipalities or charities. Social assistance in Norway, Austria and Switzerland, also depends of a highly localised and discretionary structure of implementation. However, the level of benefits is significantly higher than in Southern European countries (Eardley *et al.* 1996a, p.168-71)¹⁰.

Despite their analytical value, none of the typologies provides any information on the role of GMI schemes in the broader framework of welfare provision. In light of this, it might be helpful to look at the literature on welfare-regimes¹¹. Unfortunately, Esping-Andersen's welfare-regime typology ignores the role of social assistance schemes in welfare provision (Esping-Andersen 1990, p. 54). Instead, Esping-Andersen uses the level of expenditure on general social assistance schemes as an indicator of the role of the welfare state as a system of stratification. In particular, the author points to the salience of means-tested benefits and the relative weight of private provision of pensions¹² and health-care¹³ as evidence of the centrality of the market as a principle of stratification in the liberal-regime cluster (Esping-Andersen 1990, p. 61-65, 69-76).

Ferrera, Hemericjck and Rhodes provide a more interesting alternative. Based on the literature generated since Esping-Andersen's initial study, the authors identify four welfare-state types: the Scandinavian model, the Anglo-Saxon model, the Continental model and the South European model¹⁴. The Scandinavian model, provides quasi-universal risk coverage and very generous social benefits. There is also a strong emphasis on active

¹⁰ Ian Gough tried to confirm the validity of this typology by applying cluster analysis to the original data. His study focuses on the level of generosity, inclusiveness and extensiveness of social assistance schemes. The use of cluster analysis confirms that there is significant diversity in how countries provide a security net for those in need. Nonetheless, in what Europe is concerned, this study only confirms two of the original regimes: the citizenship-based but residual regime and the decentralised discretionary regime. The results also show that there is a significant consistency in the cluster of central Continental countries. In contrast, the cluster analysis shows that there are significant differences within the Latin regime. Whilst there are significant similarities between Portugal and Greece, Spain and Italy are closer to the Continental model (Gough 2001, p. 168-9).

¹¹ Serge Milano (1989) made a first attempt of integrating GMI within the broader policy-mix. The author traces the role and structure of GMI schemes to the principles that define the ascription of social rights and also the modes of social regulation. However, Milano's study fails to analyse the policy linkages between GMI, unemployment and social pension benefits.

¹² Here measured as the relative share of private-pension expenditures to total pension expenditure (Esping-Andersen 1990, p. 78).

¹³ Here measured as the relative share of private health expenditures to total health expenditure (Esping-Andersen 1990, p. 78).

¹⁴ In contrast to other studies, the authors first identified the welfare models, and only then looked at their internal characteristics. Their analysis focussed on risk coverage and eligibility, the structure of benefits, the financing mechanisms and the organisational arrangements in place (Ferrera, Hemericjck and Rhodes 2000, p. 15-19).

labour market policies (ALMP) and public social services (namely, childcare), with the purpose of increasing participation in the labour market. Given this basic structure and the richness of services available, means-tested mechanisms have occupied, until recent years, a residual but inclusive role (Ferrera, Hemericjck and Rhodes 2000, p. 15-19)

The *Anglo-Saxon* model refers to the British case¹⁵. With the exception of healthcare, there is no universal coverage of social risks. Inactive persons and those earning below a given threshold are not entitled to National Insurance benefits. Social security benefits are also much lower than in Scandinavian countries. In light of this, GMI and means-tested schemes are much more extensive than in Scandinavian countries (Ferrera, Hemericjck and Rhodes 2000, p.21-26).

The Continental model includes Germany, France, Belgium, the Netherlands, Luxembourg and Austria. The funding and delivery of social protection is linked to the work status of individuals¹⁶. Given its occupational basis, the social protection system provides an inclusive, but fragmented, coverage. This is complemented with a network of fairly generous GMI benefits (Ferrera, Hemericjck and Rhodes 2000, p. 26-31).

The Southern Europe model comprises Italy, Spain, Portugal and Greece. The tendency here was to articulate universal health-care with insurance-based income protection. As families still play a significant role in the provision of welfare, family benefits and family services are rather undeveloped. However, during the 1990's, Spain, Portugal and Italy introduced guaranteed minimum income schemes¹⁷ (Ferrera, Hemericjck and Rhodes 2000, p. 31-37).

¹⁵ Curiously, the authors do not include Ireland in this model. Although they accept that it shares a number of characteristics with the British model, the authors argue that Ireland, with its focus on negotiated adjustment, has gradually dissociated it (see Ferrera, Hemericjck and Rhodes 2000, p. 21). However, the authors fail to relocate the Irish in any other cluster.

¹⁶ The exception is the Netherlands, where some universal basic pensions schemes have been introduced (Ferrera, Hemericjck and Rhodes 2000, p. 26-30).

¹⁷ There are nonetheless differences in the implementation of minimum income schemes in Southern European countries. For instance, in Italy, despite a national regulatory framework, local and regional authorities enjoyed great discretion. Hence, local minimum income schemes were the product of municipal initiative. In 1998, the Italian government introduced the 'Reddito minimo di inserimento', which was supposed to create the basis for a more integrated safety-net. In Spain, the federal legislation ascribed regional authorities with the power to create and regulate the functioning of regional GMI schemes. Portugal, on the other hand, introduced a GMI scheme (Rendimento Mínimo Garantido) in 1996 which is very much inspired in the French RMI (see Matsaganis *et al.*, 2003).

Table 3 – Contrast of welfare-state and social assistance typologies

<i>Ferrera, Hemerijck and Rhodes Welfare-State Models</i>	<i>Eardley et al. Social Assistance clusters</i>				
	<i>Welfare states with integrated safety-nets</i>	<i>Dual social assistance</i>	<i>Citizenship-based but residual assistance</i>	<i>Rudimentary assistance</i>	<i>Decentralised discretionary regime</i>
Scandinavian			Sweden, Denmark, Finland		
Anglo-Saxon	UK, Ireland				
Continental	Germany	France, Belgium, Luxembourg	The Netherlands		Austria
Southern Europe				Italy, Spain, Portugal and Greece	

Reflecting on the previous paragraphs, one can observe that these typologies only capture partial aspects of the role of GMI schemes in the provision of a safety-net in European countries. In order to overcome this obstacle one can compare the welfare typology developed by Ferrera, Hemerijck and Rhodes and the social assistance typology created by Eardley *et al.* As can be seen from Table 3, in the Scandinavian, Anglo-Saxon and Southern European regimes the GMI schemes in place seem to be consistent with the overall model of welfare provision. In contrast, there are significant differences in the provision of a minimum income guarantee in Continental countries. In Germany, the social assistance scheme provides an integrated safety-net for those who trickle down the social security benefit structure. In France, Belgium and Luxembourg the safety-net is composed of (quasi)universal and targeted non-contributory schemes. In the Netherlands and Austria, social assistance plays a residual role in the protection of people in need. However, whilst in the former the rights of social assistance recipients are well established, in the latter they are subject to significant discretion by local authorities.

1.2. THE ACTIVATION OF GMI RECIPIENTS

As Geldof demonstrates (Geldof 1999, p. 16), the principle of activation has been used in various areas with different meanings. For instance, in income support policies, this meant the introduction of contractual elements in the entitlement to income protection and of employment measures for long-term unemployed. In the employment area, it involved a more personalised treatment of jobseekers and the introduction of in-work benefits. In sociocultural work, activation measures and methodologies are aimed at empowering recipients. This implies reducing personal feelings of inferiority and insecurity, helping recipients to establish their own objectives and assume their personal and social responsibilities. The purpose of this section is to examine the main aspects of the introduction of the principle of activation in GMI schemes. The section starts by clarifying what is meant by activation. The remaining sections analyse the instruments and the different strategies used to activate GMI recipients.

1.2.1. DEFINING ACTIVATION

According to Hvinden (1999, p. 28), one can differentiate between a narrow and a wider approach to activation. The first refers to a set of policies that seek to promote participation in the primary labour-market through increased job-search assistance, training and education, or job creation programmes. The second is focused on the personal development of individuals and involves the participation in a wider set of activities such as protected labour markets, voluntary or community activities. Hvinden's distinction is quite helpful, as it highlights the different strategies underlying the introduction of activation elements in GMI schemes. However, the author fails to mention the role of activation requirements as a means of inducing recipients back to the labour market¹⁸.

Hanesh and Baltzer provide a more interesting perspective. According to them, activation refers to "... a set of policies/measures/instruments aimed at integrating unemployed social assistance recipients into the labour market and improving their economic and social inclusion" (2001, p. 3). Activation can include interventions on the supply and demand

¹⁸ In fact, according to the author, there is a significant overlap between his narrow sense of activation and the notion of ALMP (1999, p.29).

side of the labour market, and involve a number of policy instruments such as legislation, financial incentives and social or labour market services. In contrast to Hvinden, Hanesh and Baltzer focus on the instruments, rather than on the strategies, used to activate GMI recipients. However, although they recognise that activation involves both negative and positive incentives, the authors fail to highlight the political significance of the introduction of activation requirements in GMI schemes.

Given the limitations of the previous definitions of activation, an alternative definition is needed. Hence, one can define activation as the combination of negative and positive incentives aimed at engaging GMI recipients into processes that lead them to (re)gain self-sufficiency, preferably through paid employment¹⁹. This definition bears a number of advantages²⁰. First, it assumes that the differentiating character of activation lies in the combination of negative and positive incentives to recipients. Consequently, it recognises the political debate underlying the introduction of activation requirements in GMI schemes. In addition, although it recognises that the ultimate purpose of activation is self-sufficiency, preferably through paid employment, this definition is flexible enough to accommodate different activation strategies.

One can further circumscribe this notion of activation by differentiating it from two neighbouring concepts: ALMP and workfare²¹. Although active labour market programmes are part of the policy-mix used to activate GMI recipients, there are nonetheless, two significant differences. First, their main purpose is the macro-economic management of the structural imbalances in the labour-market. Besides combating unemployment, they have also been used to deal with other structural problems such as the labour-market participation of women, the equality of opportunities for disabled people, or the economic recovery of specific regions and industries (Hvinden 1999, p. 28-29; Kildal 2000, p. 5).

The concept of workfare emerged in the early 1970's, with the introduction of work requirements into social assistance schemes in the United States (Hvinden 1999, p. 28-29).

¹⁹ This focus on positive and negative incentives follows Guibentif and Bouget's analysis of activation of GMI recipients (see Guibentif and Bouget 1997: 14-6).

²⁰ Although it does not directly relate with the purpose of this study, this definition, as it focuses on the processes that lead to self-sufficiency, opens the way to an analysis of the organisational processes that structure individual trajectories.

²¹ According to Kildal, welfare-to-work is a mere variant of workfare. They both focus on the application of compulsory elements in benefits for the workless poor. However, welfare-to-work seems to provide more education and training opportunities, and better working conditions than workfare (2000, p. 5).

According to Lodemel and Trickey, workfare refers to “programmes or schemes that require people to work in return for social assistance benefits” (2000, p. 6). This definition comprises three main elements. First, workfare is compulsory: if work requirements are not fulfilled the benefit can be reduced or even withdrawn. Second, workfare is primarily about work. The purpose is that individuals become self-sufficient through (unsubsidised) paid employment or, if that is not possible, that they participate in public work schemes in exchange for the benefit. Thirdly, workfare is a part of social assistance and implies a reconfiguration of the right to minimum income protection (Lodemel and Trickey 2000, p. 7-11).

In the same way as the notion of activation advanced earlier, Lodemel and Trickey put great emphasis on the significance of the introduction of work requirements in the redefinition of the entitlement to minimum income protection. However, the centrality given to paid employment limits the ability to analyse the schemes that pursue alternative activation strategies. Furthermore, the focus on the conditional character of the entitlement to social assistance ignores the variety of activation opportunities available to recipients.

1.2.2. POLICY INSTRUMENTS

As mentioned earlier, the purpose of this section is to identify the various instruments used by policy-makers to activate GMI recipients. As mentioned earlier, activation involves both positive and negative incentives. Furthermore, as Hanesh and Baltzer point out (2001, p. 4), these incentives can be targeted at the demand or supply-side of the labour market. In light of this, one can classify the various activation incentives according to the following typology:

Table 4 – Positive and negative incentives used in the activation of GMI recipients

	<i>Supply Side Interventions</i>	<i>Demand Side Interventions</i>
Negative Incentives	Activation requirements (work-tests)	
	Insertion contracts	
	Sanctions	
	Time-limits	
	Reduction/Curb on growth of cash benefits	
Positive Incentives	Job-search assistance programmes (counselling, job-search support and training)	State obligation to provide activation offers Incentives or subsidies for employers
	Training	Job creation schemes (traditional job creation, intermediate labour market initiatives)
	Incentives or subsidies to individuals	Job Sharing/Job Rotation

As mentioned earlier, the distinctive feature of activation consists in the introduction of activation requirements as an entitlement condition for minimum income protection. According to Guibentif and Bouget (1997, p. 15-6), this activation requirement is expressed in two distinct formulas. In the first, which is the most common, the main purpose of activation is to find a job. The activation requirement is expressed as an obligation of active job-search, or mandatory enrolment in the public employment services²². Despite its universal character, certain countries do consider some exceptions for individuals with child-care responsibilities²³, or with dependent adults in the family²⁴. Furthermore, some countries limit this requirement in such a way that it does not force individuals into jobs that do not match their qualifications²⁵, their previous occupation²⁶, or that are not adjusted to their characteristics or situation²⁷.

²² In Finland, there is no explicit obligation for social assistance recipients to find work. In fact, an appeal court ruled that claimants did not have an automatic obligation to take paid work. However, there are sanctions for individuals who fail to search for jobs or to take part in activation measures (Eardley *et al.* 1996b, p. 128-9; OECD 1998, p. 15; Guibentif and Bouget 1997, Finnish Questionnaire.).

²³ Namely, Portugal, Denmark and Finland (see Eardley *et al.* 1996b, p. 114, 129).

²⁴ This is the case of Germany (see Eardley *et al.* 1996b, p. 164).

²⁵ Namely, the Netherlands (see Oorschot and Engelfriet 2000, p. 15).

²⁶ This is the case of Germany or the UK (see Vogues, Jacobs and Trickey 2001, p. 78; Ditch and Roberts 2000, p. 22).

²⁷ This is the case of France and Denmark (see Rosdahl and Weise 2001, p. 167; Enjolras *et al.* 2000, p. 50-1).

In the second model, the social insertion model, the main objective is to engage recipients in a multi-level strategy that is intended to reverse their situation. In this sense, the search for a job has the same priority as recovering from health problems, finding suitable accommodation, etc. The entitlement to minimum income support requires the signature of an insertion contract. This contract consists of an agreement that identifies the objectives and stages of the insertion process, and the resources made available to recipients (Guibentif and Bouget 1997, p. 16-17).

The enforcement of activation requirements is undertaken with the help of sanctions. These can range from the termination of benefit entitlement²⁸, to partial cuts, or the temporary suspension of benefit²⁹. Some countries have a fixed-penalty regime, whilst others use progressive sanctions³⁰. In the US, some states introduced time-limits on entitlement to social assistance (Bloom and Michalopoulos 2001, p. 37-8). In Europe this has not yet been introduced. Only the refusal to fulfil the activation requirement, or changes in individual/family incomes can terminate entitlement (Guibentiif and Bouget 1997, p. 31-2 and Eardley *et al.* 1996a, p. 143-5).

Besides the introduction of sanctions and time-limits, policy-makers have demonstrated concern about the potential disincentives to job-search produced by GMI benefits, also known as unemployment traps³¹. As Pellizzari points out, the reduction of the level of benefits has been a central part of the reform of unemployed insurance benefits in Europe (2004, p. 7). This is not necessarily the case with GMI schemes. Nonetheless, some countries did introduced mechanisms to curb the growth of benefit levels³².

Besides negative incentives, the activation of GMI recipients also involves positive incentives, both at the demand and supply-side level. Supply-side interventions are aimed at improving the recipients' employability, or improving the incentives for recipients to take on paid employment. In the first group one can include job-search assistance programmes such as in-depth counselling, job-search training, job-broking services, job-

²⁸ As in the case of Portugal and France (see Lefevre and Zoyem 1999, p. 2 and Capucha 1998, p. 40).

²⁹ As in the case of Ireland or the UK (see Earldey *et al.* 1996a, p. 150; Trickey and Walker 2000, p. 201-2).

³⁰ This is the case of the UK (see Trickey and Walker 2000, p. 201-2).

³¹ For a more detailed discussion of unemployment traps see Carone *et al.* (2004, p. 7-9).

³² For instance, in the Netherlands the link between wages and social assistance benefits was frozen for 3 years. Sweden was the only case where the base amount of benefit was reduced (Cantillon *et al.* 2004, p. 528-35)

clubs, etc., and a variety of training programmes³³. In the second group, one can include in-work benefits³⁴, back-to-work grants³⁵, support for job-search costs, or start-up incentives³⁶ (Meager and Evans 1998, p. 9-10 and Martin 1998, p. 18).

Demand-side interventions, on the other hand, are intended to create additional work opportunities for GMI recipients. In most cases, this is not seen as State obligation. The exceptions are Denmark and Sweden. In Denmark, municipalities are required to provide unemployed recipients under 25 with advice, counselling, and a range of activation programmes. In 1993, this obligation was extended to individuals above 25 (Torfing 1999, p. 16). In Sweden, municipalities are obliged to offer an activity to young unemployed individuals who have not received any job or ALMP offer in the first 90 days of their unemployment period (Salonen and Johansson 1999, p. 14)

One can identify two main types of demand-side intervention: direct job-creation schemes and incentives to employers. In the first group, one can differentiate between traditional job-creation programmes³⁷, which consist of large-scale initiatives that allow the creation of jobs in the public and non-profit sector; and intermediate labour market initiatives, such as insertion enterprises³⁸, which consists of small-scale, local initiatives aimed at the creation of employment for those hard to employ. In the second group, one can include exemptions of social security contributions, wage-subsidies (or a combination of the two), as well as job-sharing/job-rotation programmes³⁹ (Meager and Evans 1997, p. 8-9).

³³ For a more detailed description of the training programmes available to GMI recipients see Tables 5 and 6 in Annex II.

³⁴ In Ireland, individuals who have been unemployed for over 12 months and gain employment are entitled to an additional tax credit (Revenue Job Assist) for a period of three years (European Employment Observatory 2003a, p. 72). In the UK, individuals belonging to couples where any of the partners work 16 or more hours per week, or that lead lone-parent households are entitled to the Working Families Tax Credit (Kaplan and Leicester 2002, p. 8-9).

³⁵ In Germany, recipients can receive an Integration Allowance when they engage in a regular working contract or become self-employed (Breuer and Engels 1999, p. 10-11).

³⁶ For a more detailed description of the start-up incentives available to GMI recipients see Table 3 in Annex II.

³⁷ For a more detailed description of the direct job creation schemes available to GMI recipients see Table 1 in Annex II.

³⁸ Insertion Enterprises were introduced in France in 1992. They allow collective bodies to hire hard to employ individuals on a fixed-term contract that can last for a maximum 24 months. In order to help in the funding of these working posts, these enterprises will receive a direct funding from the central state (Céalis 2000, p.7). This type of instrument is also available in Portugal (European Employment Observatory 2002b: 132).

³⁹ For a more detailed description of the employment incentives available to GMI recipients see Tables 2 and 4 in Annex II.

1.2.3. POLICY STRATEGIES

Having reviewed the variety of activation instruments, this section will focus on the strategies pursued to return GMI recipients back to the labour market. The US-based literature tends to differentiate between ‘human capital development’ and ‘labour-market attachment’ approaches⁴⁰. In the latter approach, the objective is to get recipients back to work as soon as possible. Hence, the focus is on intensive job-search assistance programmes such as job clubs, intensive client counselling and self-esteem building. Some education and training is provided, but only to the hard-to-employ.

Human capital development-oriented schemes have more broad and long-term objectives. Their purpose is not to reinsert recipients as soon as possible, but to find more stable jobs, that provide better wages and have a potential for personal development. Hence, the focus is on basic education, professional training, job placement assistance, and work-related support services (child-care, healthcare or transportation). Furthermore, as the focus is on sustainable transitions to work, recipients are allowed some lenience in the choice of jobs they will accept. For instance, in Portland (Oregon, US) recipients were encouraged to select programmes that provide better wages and some possibilities of personal development (Theodore and Peck 2000, p. 85-89).

In the European literature, one cannot but highlight the relevance of Trickey’s comparative analysis of workfare programmes in Europe and US^{41,42}. The author suggests that there is a relation between the schemes’ ideological underpinning and their structure of

⁴⁰ However, as Theodore and Peck admit, it is difficult to find ideal-type cases (2000, p. 84). In their review of US-based evidence, Bloom and Michalopoulos identify four different approaches:

- Job-search-first approach
- Education first
- Employment-focused with mixed initial activities
- Education-focused with mixed initial activities (2001: 10-11).

⁴¹ This is not to ignore the existence of other relevant studies in this domain. This is the case of Kildal’s study of workfare schemes in Scandinavian countries (2000). The same applies to Handler’s (2004) study of workfare programmes in Europe and the US. Although it covers a large range of countries, this study fails to provide a systematic view of the introduction of activation in different policy context. Furthermore, one needs to take in consideration some of the literature, such as Kvist (2000), Torfing (1999), or Barbier and Ludwig-Mayerhofer (2004), which view activation (or workfare) as an overall reform of the relation between social and employment policies.

⁴² The author compares schemes in terms of their ideological underpinning (integrative vs. preventive), the target group, the activation strategy (human resource development vs. labour market attachment), the degree of centralisation, and the level of discretion in the enforcement of sanctions (see Trickey 2000, p. 249-81).

implementation (Trickey 2000, p. 279). More specifically, centralised⁴³ schemes tend to be more integrative⁴⁴ and to put a higher focus on human resource development. This is illustrated in what the author calls the ‘European Centralised Programmes’ cluster, which comprises the Danish Activation Act, the Jobseeker’s Employment Act for Young People in the Netherlands, and the New Deal for Young People in the UK. On the other hand, as the Norwegian Workfare programme would illustrate, decentralised schemes tend to be preventive and to put a greater emphasis on quick labour market attachment (Trickey 2000, p. 279-80).

There are, nonetheless, limits to this idea. For instance, the US Workfare programmes, which are implemented through a moderately centralised administrative framework, are eminently preventive and focus on labour market attachment. On the other hand, the French RMI and Help Towards Work programmes in Germany, combine a decentralised administrative framework, with a strong integrative focus (2000, p. 275-276, 280).

1.3. PURPOSE AND STRUCTURE OF THE THESIS

As the previous sections suggest, the activation of GMI recipients implied significant changes in the character and role of GMI schemes. More than just providing income security for those in need, GMI schemes are expected to provide a range of services that are intended to help individuals to regain self-subsistence, preferably through paid employment. As well as the changes in the implementation and delivery of minimum income schemes, this process prompted two important, and complementary debates.

The first concerns the terms in which one can justify the right to a minimum income. The introduction of activation requirements bears the crux of the problem. One needs to question if the activation requirement does not undermine the dignity of the individuals that the right to a minimum income is supposed to protect? At the same time, it is

⁴³ The author measures the level of centralisation of the structure of implementation in terms of the degree of central control over funding and main components of delivery, the level of discretion held by administrators/social workers, and the level of distinction between insurance-based and assistance-based benefits (see Trickey 2000, p. 266).

⁴⁴ Integrative programmes emphasise the structural basis of social exclusion processes, and put a focus on individual rights and on demand-side interventions. Preventive programmes are aimed at reducing individual dependency on benefits, and focus on individual responsibilities and supply-side measures (see Lodemel and Trickey 2000, p. 250-5).

necessary to ask if individuals should not be expected to contribute to the society that produces the resources that guarantee their survival? Even if one accepts the latter premise, it is still necessary to determine what are the conditions under which the individuals should be asked to fulfil their obligations, and to what degree this requirement is fair if they have no effective opportunities to do so. One also needs to question which activities can be seen as making a contribution to society.

The second debate concerns the balance between fairness and effectiveness in the activation of GMI recipients. While they functioned as a safety-net, the importance of this balance in the implementation of GMI schemes was marginal. However, as the debate around the existence of unemployment traps in income benefits illustrates, as GMI schemes took on the responsibility of assisting GMI recipients back into the labour market, this issue gains a central role. Hence, as well as determining what is an adequate justification for the right to a minimum income, it is also necessary to determine to what degree this can hamper, or further, the schemes' employment effectiveness.

This thesis will engage in the debates prompted by the activation of GMI beneficiaries. The first part of this thesis (chapters 2 and 3) will try to respond to the following question: How can one justify the right to a minimum income? Chapter 2 will evaluate to what degree the existing literature provides an adequate justification of the right to a minimum income. The chapter will first review the various standpoints in political theory on the right to a minimum income. It will then be argued that the arguments posed by Van Parijs and Lawrence Mead, which typify the fundamental standpoints in the literature, fail to provide an adequate justification of the right to a minimum income. Reflecting on the difficulties faced by Mead and Van Parijs, it will be argued that a more satisfactory alternative is possible. This alternative should be set in the context an ontological framework that puts a focus on the promotion of the individuals' personal development, but recognises its social basis, and the obligations that this imposes; and encompasses a more critical view of the role of the market as a mechanism of social regulation.

With this in mind, Chapter 3 will develop a normative framework that can provide an adequate justification of the right to a minimum income. Using the ontological frameworks proposed by Karl Marx and John Stuart Mill as terms of comparison, the first part of this chapter demonstrates that Durkheim's theory of social justice provides a theorisation of society, market and individual from which an adequate justification of the right to a minimum income can be derived.

The subsequent sections will argue that, in line with Durkheim's theory of social justice, every individual has a Right to Personal Development, i.e., a right to exploit its talents, which can be exercised whilst performing a social function in society, such as paid employment, performing unpaid work in social economy organisations or providing care to dependent family members; or improving their human capital through education or training. In order to secure this right, social actors and institutions must:

- meet the individual's basic consumption needs
- eliminate direct and indirect constraints to the individual's choices on the best way to exploit its talents
- provide the individual with opportunities to exploit its talents
- enforce, through the use of restitutive sanctions, the individual's obligation to exploit its talents as to enable the personal development of others.

The last section will show that the Right to Personal Development, as it recognises that the right to a minimum income should be made conditional on the fulfilment of a contribution requirement, but demands that this requirement is enforced in a context where individuals have the opportunity to fulfil their obligations and that recognises the variety of activities that make a contribution to society, can provide an adequate justification of the right to a minimum income.

Assuming that the Right to Personal Development can provide an adequate justification for the right to a minimum income, this can then be used as the normative standpoint to analyse the balance between fairness and effectiveness in the activation of GMI recipients. The second part of this thesis (chapters 4 to 6) will test the hypothesis that GMI schemes that show more respect for the Right to Personal Development, once labour market conditions are accounted for, are more effective at returning recipients to the labour market.

Chapter 4 will provide the methodological framework for this comparative study. Based on a review of the empirical literature on the employment effectiveness of GMI schemes, it will be argued that the relationship between the schemes' employment effectiveness and their respect for the Right to Personal Development, can be best analysed by combining Ragin's Qualitative Comparative Analysis with correlational measures and cluster analysis. The remaining sections will show how to measure the schemes' respect for the Right to Personal Development and their employment effectiveness.

Chapter 5, will measure the schemes' respect for the Right to Personal Development. In line with the methodological framework defined earlier, this chapter will measure to what degree the schemes satisfy the recipients' income needs; what is the recipients' freedom to choose other activities instead of paid employment or the job they wish to perform; what is the level of discretion in the implementation of the schemes; how much opportunities to work or to participate in education/training courses they have; and the character of the sanction regime they are subjected to.

Chapter 6 will then analyse the relation between the schemes' employment effectiveness and their respect for the Right to Personal Development. The first part will be focused on the measurement of the schemes' employment effectiveness. The first step in this venture consists in the measurement of the percentage of recipients who, a year after being on GMI, made a transition to unsubsidised work. This will then be adjusted to the labour markets' ability to create jobs for unemployed persons - Unemployment Reintegration Performance. The remaining sections will use correlational measures, Qualitative Comparative Analysis and cluster analysis to explore the relation between the schemes' employment effectiveness and their respect for the Right to Personal Development. These will show that, with the exception of the recipients' freedom to choose other activities besides paid employment, schemes can successfully combine the respect for the recipients' Right to Personal Development with higher levels of employment effectiveness.

Having provided an answer to the questions posed by the activation of GMI recipients, Chapter 7 will review the main contributions made by the thesis and discuss how these could be further elaborated in further research.

2. THE RIGHT TO A MINIMUM INCOME: BETWEEN MEAD AND VAN PARIJS

As seen in the previous chapter, the introduction of activation requirements has generated an intense debate over the conditional nature of the right to a minimum income⁴⁵. This chapter will argue that Mead and Van Parijs, which typify the fundamental standpoints in the literature, fail to provide an adequate justification of the right to a minimum income. The first two sections will identify the main topics and the various standpoints in the debate on the right to a minimum income. The following sections will examine if the arguments presented by Mead and Van Parijs provide an adequate justification for the right. Reflecting on difficulties faced by the authors, the last section will argue that an alternative argument is possible.

2.1. SURVEY OF THE MAIN ARGUMENTS WITHIN POLITICAL THEORY

The purpose of this section is to identify and describe the main arguments in the debate over the right to a minimum income. In order to simplify this exercise, this section will focus on three domains within political theory: theories of justice, which discuss the principles that should regulate the functioning of political communities; social justice theories, which try to determine the fair distribution of resources in society; and welfare theories, which are focussed on the nature of social rights of citizenship.

⁴⁵ One cannot ignore that the debate right to a minimum income also includes other relevant dimensions, namely the universal or subsidiary character of the right to a minimum income (see Atkinson 1996). However, in the context of the debate over the introduction of activation policies, the focus here will be on the conditional nature of the right to a minimum income.

2.1.1. THE RIGHT TO A MINIMUM INCOME IN THEORIES OF JUSTICE

John Rawls' conception of justice as fairness tries to determine the principles that individuals would choose to govern the functioning of social institutions and the distribution of 'primary social goods'⁴⁶, i.e., all the means needed to pursue a given conception of a good life⁴⁷ (Rawls 2001, p. 35). The first principle, the 'liberty principle', argues that each individual is entitled to exercise all equal basic liberties, such as freedom of conscience, freedom of expression, private property and due process of law (2001, p. 68). The second principle is intended to regulate the distribution of social and economic inequalities. Here, the distribution of social and economic inequalities must take place in a context where all positions in society are open to all citizens under fair equality of opportunity (the 'liberal equality principle') and in such a way that it privileges the least advantaged in a given community (the 'difference principle') (Rawls 2001, p. 239)⁴⁸.

One can argue that the application of the difference principle to the distribution of income in society would legitimise the introduction of the right to a minimum income⁴⁹. In the same way, one can argue that Rawls' theory of social justice can be used to legitimate the conditional nature of the right to a minimum income. This is because, as well as the principles that are supposed to regulate the functioning of social institutions, the original social contract also defines the principles that determine the behaviour of individuals. One of these principles is the 'principle of fairness', which requires obedience to the rules of a (just) institution whenever an individual has voluntarily benefited from the rewards and opportunities produced by that institution. The underlying logic is that individuals should not take unfair advantage from the efforts made by others, without giving the fair share that is expected from them (Rawls 2001, p. 267-8).

Unlike Rawls, Gutmann and Thompson provide an explicit argument as to the conditional nature of the right to a minimum income. Their 'theory of deliberative democracy' argues

⁴⁶ According to Rawls (2001, p. 90), this category includes rights, liberties, opportunities, income, wealth and the bases of self-respect.

⁴⁷ Rawls' theory of justice requires that individuals choose the principles of justice under a 'veil of ignorance', i.e., they are ignorant of their social status, their position in the distribution of talents in society, their own conceptions of good or personal psychological characteristics (Rawls 2001, p. 33-4).

⁴⁸ Rawls also establishes a rule to resolve conflicts between these principles. Thus the liberty principle takes precedence over the liberal equality principle, and the latter has precedence over the principle of difference (Rawls 2001, p. 239).

that conflicts over fundamental values should be resolved by reference to the principles of reciprocity, publicity and accountability. However, contrary to traditional deliberative theories, this is not a purely procedural framework. The authors identify three substantive principles that are supposed to regulate the deliberation process. These would be:

- the principle of basic liberty, which secures individuals from violations of their physical and mental integrity;
- the principle of basic opportunity, which guarantees citizens access to the basic goods that secure a good life (such as healthcare, education, work, and income);
- the principle of fair opportunity, which requires a merit-based distribution of certain goods in society (Muhlberger 2000, p. 7).

On the one hand, these substantive principles act as conditions to the deliberative process, in the sense that they limit the possibility of reaching resolutions that might violate the ideas of basic liberty, or basic opportunity; on the other hand, they constitute the prerequisites of the whole deliberative process, as they guarantee the possibility of equal standing for all participants.

The authors' discussion of the right to a minimum income comes about in the discussion of the fulfilment of the basic opportunity principle. The guarantee of a minimum income, as a basic opportunity, should respect the principle of reciprocity⁵⁰ - which entails the idea of mutual dependence. The authors argue that given the fact that the resources that secure a minimum income guarantee are produced by those engaged in productive economic activity, then those who make a claim on those resources must be available to participate in the productive process that generates it, i.e., they need to be available to work. But the principle of reciprocity also involves social responsibilities to society: "The obligations of welfare should be mutual: citizens who need income support are obliged to work, but only if their fellow citizens fulfil their obligation to enact public policies that provide adequate employment and child support" (Gutmann and Thompson 1996, p. 276).

⁴⁹ This is confirmed by Van Parijs's attempts to justify his proposal for a Basic Income in terms of its coherence with Rawls's theory of justice (see Van Parijs 1997, p. 95).

⁵⁰ There are two fundamental dimensions to this concept of reciprocity. The first is that of mutual respect. This requires individuals to appeal to reasons that could be shared by other individuals, or in the case that the resolution of conflicts is impossible, to maintain mutual respect. The second is that of mutual dependence. The principle of reciprocity is supposed to guarantee the fair terms of social cooperation (Muhlberger 2000, p. 8).

However, the relevance of the previous arguments should not give the impression that the existence of right to a minimum income is consensual in the various theories of justice. Nozick's 'Entitlement Theory', for instance proposes a contrary argument. In contrast with 'patterned' or 'end state' theories, where social justice is evaluated in terms of its distributive consequences, Nozick departs from the assumption that individuals hold a number of inviolable rights (entitlements), and that a situation is deemed just when it derives from the exercise of those rights, and unjust when it involves their violation.

This has particular implications for the evaluation of social inequalities, and for the use of redistributive policies to combat them. From this point of view, any inequalities that do not derive from the violation of the individuals' rights are just, even those in the more advantageous positions do not merit. Consequently, any attempt to reduce just inequalities, such as the establishment of a right to a minimum income, would be unjust as it would violate the individuals' rights (Fitzpatrick 2001, p. 45-6).

2.1.2. THE RIGHT TO A MINIMUM INCOME IN THEORIES OF SOCIAL JUSTICE

The debate on the right to a minimum income has gained particular relevance in the context of debate over the notion of social justice. This is in great part due to the contribution of Van Parijs. The author argues that a just society must maximize what he calls 'real freedom', that is, the freedom to do whatever one might want to do (1997, p. 23). The main institutional implication of achieving a just society would be the introduction of an unconditional 'basic income' (BI), regardless of the individuals' income, place of residence, household situation, and most importantly their willingness to work (Van Parijs 1997, p. 30-33).

Van Parij's work provoked a number of counter-arguments which argue that the distribution of resources in society should respect the notion of reciprocity. This is the case of Stuart White's 'civic minimum' (2003). The civic minimum consists of a series of policies and institutions that would satisfy the demands of '(non-ideal) fair reciprocity'. This requires:

- That no person suffers poverty of income due to forces beyond her control (non-immiseration);
- Adequate protection against market vulnerability and associated risks of exploitation and abuse (market security);
- Adequate opportunity for self-realisation in work (work as a challenge);
- Minimisation of class inequality, i.e., the reduction of inequalities in initial endowments of wealth and educational opportunity to a reasonable minimum (White 2003, p. 19).

When a society fulfils these requirements, an individual who claims a generous share of the social product has an obligation to make an adequate productive contribution to the community – the ‘basic work expectation’ (2003, p. 96). This consists in the performance of a number of hours of ‘civic labour’, i.e., all forms of labour that provide a significant service for, or on behalf of, the wider community. This notion of civic labour includes paid employment (both market and non-market based), parental care, care of the infirm and a limited quantity of household work. (White 2003, p. 98-112).

Besides these more specific arguments, the right to a minimum income can be analysed with regards to other theories on the just distribution of resources in society. This is, for example, the case with Sen’s ‘capability approach’ (1999). The author argues that inequality should be examined in terms of the ability of individuals to achieve valuable functionings. By ‘functionings’ the author means the things a person might value doing or being. A person’s ‘capability’ refers to the combination of functionings that are possible for a person to achieve, i.e., the freedom to achieve different lifestyles (1999, p. 75).

Despite its comprehensiveness, Sen’s capability approach does not discuss the right to a minimum income *per se*. Nonetheless, one can infer the author’s stance on the issue from his analysis of the relation between poverty and capabilities, and between capabilities and rights. The author argues that poverty should be viewed not in terms of lack of income, but in terms of the deprivation of ‘basic capabilities’⁵¹, i.e. inability to satisfy fundamental functionings of individuals (Sen 1993, p. 41; Sen 1999, p. 87-90). Rather than writing-off the role of income in the analysis of poverty, the author’s main purpose is to emphasise its

instrumental character with regards to capabilities. Sen goes on to suggest that "... as long as minimal capabilities can be achieved by enhancing the income level (...) it will be possible (...) to identify the minimally adequate income for reaching the minimally acceptable capability levels" (1993, p. 42).

Bearing in mind the fact that, according to Sen (1982, p. 16), it is possible to derive a theory of rights from his capability approach (the 'capability rights system'), one can argue that the right to a minimum income can be justified in order to secure a minimum level of capability to individuals. This right does not entail any reciprocity requirements. Contrary to other authors who legitimise the provision of rights by reference to a more fundamental obligation to assist others in need⁵², capability rights are based on what Kant defines as 'imperfect obligations' (1999, p. 230). In this case, the claims for assistance are not addressed to a particular person or agency, but to all in a position to help⁵³.

Doyal and Gough's 'theory of human needs' provides a valuable alternative Sen's theory of capabilities. The authors argue that physical survival and autonomy are the basic preconditions for the avoidance of serious harm, here seen as a dramatically impaired participation in a form of life (1991, p. 55). Although the mode of satisfaction of basic needs varies from culture to culture, the authors argue that one can identify a number of common characteristics in the goods or services necessary for the enhancement of the health and autonomy of individuals. These properties, which the authors define as intermediate needs, can be seen as second-order goals necessary for the full-satisfaction of the needs of individuals. The list of intermediate needs includes: nutritional food and clean water; protective housing; a non-hazardous work environment; a non-hazardous physical environment; appropriate health care; security in childhood; physical security; appropriate education; safe birth control and child-bearing; and economic security (1991, p. 157-8).

It seems quite plausible to argue that the need for economic security can justify a right to a minimum income. However, the authors are unclear with regards to the conditional character of the right to a minimum income. On the one hand, they accept that all persons

⁵¹ As for instance, the ability to be well nourished and sheltered, the ability to avoid escapable morbidity or premature mortality (1993, p 31).

⁵² Such as Doyal and Gough (see 1991, p. 104-8).

⁵³ The obvious consequence, which the author himself admits, is that this can lead to situations where the right to a minimum income is not fulfilled at all (Sen 1999, p. 230).

have an obligation to participate in cooperative process that guarantees the satisfaction of basic needs⁵⁴. In addition, the authors argue that the relation between rights and duties is culturally bounded. Hence, one can admit that in a society that values a strong work ethic, the provision of the right to a minimum income can be made conditional on some kind of work requirement. On the other hand, the authors admit that the obligations on individuals are limited by their need for economic security. In the same way, the introduction of work requirements can be seen as limiting the freedom of choice of individuals, and consequently their autonomy (Doyal and Gough 1991, p. 93, 104-8).

2.1.3. THE RIGHT TO A MINIMUM INCOME IN WELFARE THEORY

Having analysed the debate over the right to a minimum income in the context of social justice theories, one can now move to the realm of welfare theory and citizenship rights. According to Marshall, social rights can go from "... the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilised being according to the standards prevailing in society" (Marshall and Bottomore 1992, p. 8). However, the debate within welfare theory has focused not on the right to a minimum income *per se*, but on the conditional nature of social rights. Marshall himself recognises that social rights are conditional on fulfilment of the duties of citizenship (Marshall and Bottomore 1992, p. 26). These include both precise obligations, such as the duty to pay taxes and insurance contributions, to become educated or to perform military service; and a general obligation "... to live the life of a good citizen, giving such service as one can to promote the welfare of the community" (Marshall and Bottomore 1992, p. 26).

However, Marshall is ambiguous about the possibility of making social rights conditional on the exercise of a duty to work. On the one hand, Marshall recognises that the exercise of this right could be made conditional on the fulfilment of the duty to work, if the economic situation requires it. On the other hand, bearing in mind the author's argument that the purpose of social rights is to reduce the level of market-induced inequalities, the introduction of work requirements would undermine the whole purpose of citizenship. In

⁵⁴ Therefore, there is strict duty to submit to taxation that secures the functioning of the agencies, such as the welfare state, that satisfy the needs of individuals (Doyal and Gough 1991, p. 104-8).

addition, the constitution of large national communities (where responsibilities become more diffuse), and the availability of jobs guaranteed by full-employment policies, have actually weakened the obligation to work. As the author would argue "... the essential duty is not to have a job and hold it, since that is relatively simple in conditions of full employment, but to put one's heart into one's job and work hard (Marshall and Bottomore 1992, 45-46).

In contrast to Marshall, Titmuss puts forward a more explicit refusal of the idea of making the right to a minimum income conditional on the exercise of the duty to work. This is clear from Titmuss's criticism of the Victorian Poor Laws, in comparison with universalistic social services. According to the author, the Poor Laws made the redistribution of resources conditional on a number of moral judgments on people in need and their behaviour, hence harming their sense of self-respect and self-determination. "Within the established pattern of commonly held values, the system could only be redistributive by being discriminatory and socially divisive." (Titmuss 2002, p. 104-5). Universalistic welfare services, on the other hand, eliminate these mechanisms of formal discrimination between individuals (Deacon 2002, p. 17).

Dahrendorf provides an additional argument against the introduction of work requirements. For him, citizenship rights are based on a social contract valid for all members in society (Dahrendorf 1996, p. 32-3). Work, on the other hand, is a private contract. When rights are made dependent on people entering into private employment relations, this destroys the voluntary character of the employment relation. This amounts to forced work.

This idea of the unconditional nature of social rights has been contested by a number of authors, in particular those identified with the communitarian school of thought. Underlying this standpoint is a defence of the moral merit of individuals⁵⁵, or desert, as a both a moral and distributive principle. As moral principle, the notion of desert stresses the

⁵⁵ As Sen points out, merit as a principle, and meritocracy as a distributive system that rewards merit, is very under-defined. In particular, there seems to be some confusion as to if merit refers to persons or to their actions (see Sen 2000, p. 12-5). Bearing in mind this distinction, one can differentiate between two types of meritocratic argument: desert-based arguments, epitomised in the works of Mead (1986) or Selbourne (1997); and talent-based arguments, illustrated in Durkheim's theory of social justice. This has implications as to the criteria used to identify (and reward) the merit of individuals. In the first case, individuals are rewarded when they act in such a way that promotes a given conception of good society. In the second case, individuals are rewarded by reference to their internal abilities and their effort when using them, which is seen as having valuable social outcome.

interdependency between the different parts of society. As a distributive principle, it requires an equivalence between contribution and retribution - or reciprocity⁵⁶ (Fitzpatrick 2001, p. 8 and White 2003, p. 13-4). In this context, the right to a minimum income should be made conditional to some kind of work requirement as a form of securing the functioning of society and of avoiding individuals to free-ride on the effort of others.

A good example of this is David Selbourne's "The Principle of Duty" (1997). The 'principle of duty' guarantees the functioning of the 'civic order', a metaphor for a morally integrated community/society. According to the author (Selbourne 1997, p. 141, 143-5), the state-based, universalistic, provision of welfare services (which were previously provisioned on the basis of personal obligation) has undermined the principle of duty. The restoration of the civic order will require the strengthening and enforcement of the principle of duty. In particular, the author argues that the abuse or misuse of welfare benefits (and other forms of public provision) should be sanctioned. For instance, individuals who refuse training or work offers should be sanctioned with the loss or curtailment of their unemployment benefits (Selbourne 1997, p. 292-3).

This is also the case of Mead, who argues that traditional welfare programmes have failed to develop the ability of individuals to function in society (Mead 1986, p. 61-7). In light of this, he argues that government programmes should enforce the obligations of individuals. In particular, Mead argues that the right to a minimum income should be made conditional on the obligation to perform/search for work (Mead 1986, p. 167-8).

In the same way as Mead or Selbourne, Amitai Etzioni calls for a rebalance between rights and responsibilities as part of a broader agenda concerned with the moral revival of modern communities⁵⁷. According to the author (Etzioni 1994, p. 263-4), the provision of welfare services should be shaped by the principle of reciprocity. Individuals are expected to provide for themselves and their families through paid employment. On the other hand, the community is responsible for the provision of the basic needs of those who truly cannot provide for themselves. Despite his emphasis on the responsibilities of individuals, Etzioni

⁵⁶ A good example of this can be found in Stuart White's conception of the 'basic work expectation' (see section 2.1.2, p. 24).

⁵⁷ In addition, the author argues that it is necessary to curb the provision of new rights, the recognition that some responsibilities do not entail rights and the adjustment of rights to changing circumstances (1994, p. 4-11).

does stress the centrality of a minimum income guarantee (or 'social basics') as the foundation of a good society. Furthermore, in contrast with Lawrence Mead, Etzioni argues that public funds should be used to create community jobs that will allow individuals to fulfil their responsibility to support themselves (1997, p. 82-3).

The idea of conditioning the exercise of social rights has also been advocated by authors outside the communitarian school. Pierre Rosanvallon (and Jean-Paul Fitoussi) argue that the growth of new forms of social exclusion and the financing problems of the welfare-state require a rearrangement of the relation between rights and responsibilities. The authors propose a framework of citizenship-rights based on 'liberty-rights', which combine Marshall's civil and political rights; 'credit-rights', which comprise traditional passive social rights; and, 'integration-rights'. These represent a new set of social rights, which entail a reciprocal relation between the individual and society (Rossanvallon 1995, p. 138-40). According to the author, the insertion policies introduced in France in the early 1990's - as they establish links between moral obligations and welfare provision, and explore new forms of public employment creation - reflect this new conception of social protection (Rossanvallon 1997, p. 166).

Giddens provides a more wide-ranging argument on the need to make some social rights dependent on the fulfilment of individual responsibilities. According to the author (1999, p. 4, 7), the rise of risk society undermines the insurance logic that underlies the welfare state that emerged from the post World War II. Whereas unconditional rights are adequate to deal with 'external risks', i.e., risks that are regular enough and can easily be protected through public insurance, they are inadequate to deal with 'manufactured risks', i.e., risks that are produced by the progress of science and technology, that are difficult to predict and to insure. This opens the way for a redefinition of individual and social responsibilities, where individuals are called to a more active management of their material and social conditions. Therefore, the author argues, it is necessary to connect rights with responsibilities.

2.2. MAPPING THE DEBATE ON THE RIGHT TO A MINIMUM INCOME

As the previous section shows, the debate over the right to a minimum income intersects various domains within political theory. This is not to say that these arguments are independent from each other. For instance, as the work of Guttman and Thompson, White or Etzioni shows, the notion of reciprocity is used within different domains of political theory. Also, Van Parijs's proposal for a BI has gone outside the realm of social justice theory, and gained great relevance in the debate over the nature of the social rights of citizenship (see Plant 2004). In light of this one can argue that is possible to identify a number of core issues that structure the debate over the right to a minimum. These, in turn, can be used as the criteria to evaluate the adequacy of the various standpoints in this debate.

The central issue, clearly, concerns the conditional nature of the right to a minimum income. For some, such as Van Parijs, Sen or Titmuss, the right to a minimum income cannot be made conditional on any kind of work or activation requirement. From this standpoint, the right to a minimum income, as other social rights, is supposed to offset the inequalities generated by the market, and to allow individuals to choose freely how to lead their lives. However, a large number of authors (from Guttman and Thomson, to White or Mead) would argue that the right to a minimum income, as well as other social rights, presupposes the production of resources on a cooperative basis, which in turn requires individuals to make some kind of contribution in return for their benefit. For some, in particular Mead, Etzioni or Selbourne, the right to a minimum income is seen as subsidiary form of protection to that that is provided by paid employment, which reinforces its conditional character.

The conditional character of the right to a minimum income entails two further issues. First, it is necessary to determine what are the conditions for the exercise of one's responsibilities. Some authors, such as Mead or Selbourne, prefer to stress the mandatory character of individual responsibilities. Others recognise that there is a clash between the notion of reciprocity and the equality of opportunities available to individuals. Stuart White's notion of 'fair reciprocity' embodies the idea that the enforcement of reciprocity as a distributive principle should acknowledge that it is unfair to force individuals to make

a contribution to the community without regards to their background conditions⁵⁸. This idea is also present in Guttman and Thomson's notion of 'fair workfare'. The authors suggest that the obligation to look for a job needs to be balanced with the investment in child-care services that relieve lone mothers from their parental obligations. Etzioni, on the other hand, suggests that the enforcement of work requirements needs to be accompanied by the creation of community jobs that create real work opportunities for income support recipients.

Besides the issue of what are the conditions for the exercise of personal responsibilities, it is also necessary to establish what can be considered as an appropriate form of contribution to society. As the previous section shows, some authors, such as Mead or Guttman and Thompson, identify work as the main form of contribution to society. Stuart White's notion of civic labour, embodies a criticism of the view that only the market provides the services that can be seen as such a contribution. According to the author, the criterion should be "... what kind of work is sufficiently valuable to other citizens to count in reciprocation for the goods and services they have supplied" (White 2003, p. 99) The most obvious mechanism to determine the value citizens assign to a given good or service is the market. In light of this, the author argues, the notion of civic labour points, in the first instance, to market-generated paid employment. However, there are other valuable activities that are not produced through the market. This is the case of public and merit goods⁵⁹ produced by the state. This is also the case of care work performed within households (White 2003, p. 101-12).

⁵⁸ Stuart White's 'basic work expectation' raises a further dimension of the clash between reciprocity and equality of opportunity. This relates to what one can define as the metrics of retribution, i.e., the number of hours of civil labour that a person is expected to perform. This would consist in a "... minimum number of hours of paid employment per week or year" (White 2003, p. 114). This requirement is qualified with regards to a number of issues related to equality of opportunity. Thus, the work expectation should vary in inverse proportion to talent. In the same way, the basic work expectation should be reduced in the case that a society does not fully comply with the requirements of fair reciprocity (in its non-ideal form) (White 2003, p. 114-16).

⁵⁹ Public goods are those kind of goods that are available for the (indiscriminate) use of all individuals and in which individual consumption does not diminish their availability to other individuals. Merit goods are those that respond to claims of distributive justice or to other moral reasons (White 2003, p. 101-6).

2.3. MEAD, VAN PARIJS AND THE RIGHT TO A MINIMUM INCOME

As the previous sections show, the debate on the right to a minimum income comprises a variety of authors. Given the practical unfeasibility of making a full-fledged evaluation of the various points of view, it was decided to restrict this exercise to two typical, indeed dominant, arguments in this debate⁶⁰: Van Parijs' argument for an unconditional Basic Income and Mead's argument for the introduction of work requirements. Hence, the purpose of this section is to evaluate if the arguments provided by the two authors provide an adequate justification of the right to a minimum income.

2.3.1. MEAD AND THE ARGUMENT FOR THE INTRODUCTION OF WORK REQUIREMENTS

Mead provides a twofold argument for the introduction of a work requirement as an entitlement condition for income support. According to the author, "compliance usually serves self-interest, but is mandatory in any event" (1986, p. 246). Mead views the role of social policy as an extension of the Hobbesian conception of the State: the maintenance of public order. Rather than just law and peacefulness, order here includes all the socially produced conditions necessary for people to have a satisfactory life (Mead 1986, p. 5). According to the author, social order cannot be achieved by passive compliance alone, but by the fulfilment of the expectations other individuals have in relation to the public role an individual performs as a worker, a parent or a neighbour. The ability of individuals to function in society is related with their capacity to respond to these expectations (Mead 1986, p. 6 and Deacon 2002, p. 51).

This conception of social order is well reflected in Mead's theory of citizenship. According to the author, this involves both rights and duties. Hence, traditional social rights, which protect people against need, unemployment, and other social risks, need to be matched with social obligations. Mead identifies five core 'common obligations' to all individuals: work in available jobs, unless aged or disabled; supporting (as much as possible) one's

family; fluency and literacy (in English); learning in order to become employable; and, law abidingness (Mead 1986, p. 242).

According to the author, “work for the employable is the clearest social obligation” (Mead 1986, p. 243). This can be traced to the significance of the work-ethic as a founding value of American society. In fact, the author argues, its importance has grown, as work and the workplace seem to be replacing other forms of communitarian existence such as ethnicity, religion or the family. This has specific implications for Mead’s view of the conditional nature of the right to income support. According to him, “while individuals make claims for sustenance through politics and their own labours, they must also contribute to a reservoir of resources, both economic and moral, shared by all citizens” (Mead 1986, p. 246).

However, as mentioned earlier, the author argues that although the obligation to work is mandatory, this also serves the self-interest of individuals. This argument comes about in Mead’s analysis of the ability of social assistance programmes to return recipients back to the labour market. According to the author, the traditional response was to assume that, given the opportunity, individuals would fulfil their responsibilities - the ‘competence assumption’ (Mead 1997, p. 13). However, based on his analysis of the WIN (Work Incentive) programmes, Mead argues that the enforcement of work obligation was the most significant aspect in explaining the employment effectiveness of income support programmes. The more effective WIN offices were those which had broader notions of employability, were more effective at transmitting to recipients that they were required to work, and more willing to impose sanctions if necessary (1986, p. 156-68)⁶¹. In his words: “Society must give up at the least some of its fear of ‘blaming the victims’ if it is to help them more effectively” (Mead 1986, p. 247).

⁶⁰ See Fitzpatrick 1999, van der Veen and Grook 2000, Deacon 2002, Standing 2002, Lodemel and Trickey 2001.

⁶¹ Nonetheless, the author does admit that the informal enforcement of work obligations was more successful than the use of sanctions (1986, p. 160).

2.3.2. VAN PARIJS AND THE RIGHT TO A BASIC INCOME

Van Parijs argues that a free society is one that realises real-freedom for all (1997, p. 27). His notion of real-freedom stands on three fundamental principles: that there is some well-enforced structure of rights (security); that this structure is such that each person owns herself (self-ownership); and, that each person has the greatest possible opportunity to do whatever she might want to do (leximin opportunity) (1997, p. 25).

The main institutional implication of achieving a just society would be the introduction of an unconditional BI, provided regardless of the individual's income, place of residence, household situation, or willingness to work (1997, p. 30)⁶². The significance of the BI is not related with the possibility of equating everybody's wealth, or purchasing power; but with the possibility that people are able to choose between different goods or even different life-styles (Van Parijs 1997, p. 33 and Gough 2000, p. 205).

Whilst building his argument for an unconditional BI, Van Parijs tries to rebut two challenges that share the same underlying idea: that the introduction of a BI would unfairly favour those who are voluntarily unemployed. The first criticism is that an unconditional BI would favour those with a preference for leisure against those who are keen to work more in order to achieve a higher income – the 'Crazy-Lazy dilemma' (1997, p. 93). The author argues that, in order to carry out its productive activities, Crazy uses more external resources than Lazy. Hence, giving Lazy a BI that is funded by the taxation of the proceeds made by Crazy, does not discriminate the latter. In fact, this resets the equal distribution of external resources and, consequently, leximin opportunity between Crazy and Lazy (Van Parijs 1997, p. 92-102 and Gough 2000, p. 208).

Van Parijs extends this line of thought, when he argues that BI should be funded through the taxation of employment rents⁶³. The author starts his argument by recalling that due to a combination of the effect of minimum wages, efficiency-wages and high turn-over costs,

⁶² Van Parijs does accept that part of the BI should be provided in-kind, namely as structures that secure the enforcement of self-ownership rights, and goods, such as education or public infrastructures, that can have positive externalities on the opportunities of individuals; or goods, such as clean air, the cleansing of roads or the maintenance of public spaces, that one would expect that individuals would normally be interested in buying (see Van Parijs 1997, p. 41-5).

⁶³ These employment rents are given by the difference of the income (and other advantages) a person gets from her job, and what she would get in a situation of a perfect labour market (Van Parijs 1997, p. 108).

a great many individuals are excluded from participation in the labour market. In light of this, jobs can be seen as external assets, the same as inherited wealth and skills. Hence, rather than introducing a further bias in favour of those who do not want to work, a BI that is funded through the taxation of employment rents⁶⁴ would reduce inequality in the distribution of work-related assets (Van Parijs 1997, p. 106-9).

Besides the charge that a BI would unfairly favour the voluntarily unemployed, Van Parijs is also forced to consider the challenge that the introduction of a BI would generate exploitative situations, i.e. it would allow certain individuals to take an unfair advantage of someone else's work. In order to deal with this challenge, the author considers different interpretations of exploitation. Underlying the various interpretations are different distributive principles⁶⁵:

- the 'lockean' principle, which implies that a person is entitled to the total product of her labour;
- the 'lutheran' principle, which implies that a person is entitled to a share of the total product that is proportional to the value of her individual labour contribution;
- the 'strong effort' principle, which implies that a person's income is strictly proportional⁶⁶ to her work effort (Van Parijs 1997, p. 145-69, White 1997, p. 323);

Van Parijs accepts that the introduction of a BI would generate exploitative situations as judged by reference to any of these principles⁶⁷. However, he argues, these three principles

⁶⁴ These employment rents are given by the difference of the income (and other advantages) a person gets from her job, and what she would get in a situation of a perfect labour market (Van Parijs 1997, p. 108).

⁶⁵ In fact, Van Parijs also examines Rohmer's conception of 'capitalist exploitation' (see 1997, p 169-78). However, as this refers to asset distribution rather than the relation between work and personal return, it will not be included in this analysis.

⁶⁶ The difference between the 'lutheran' and the 'strong effort' (and consequently the 'weak effort') distributive principle lies in the metrics used to compare the individuals' contributions and benefits. The first uses the notion 'labour value' that is characteristic of marxist political economy. Here, Van Parijs assumes that "... the labour value of one unit of a product is the amount of unskilled labour that enters on average, given the existing equipment and technology, whether directly or indirectly, in the production of that units" (1997, p. 154). However, as Van Parijs demonstrates, there are significant problems to this. In alternative, Van Parijs suggests that a persons' contribution should be measured in terms of the work effort (i.e. hours of work), whilst its benefits should be simply measured in terms of received income. In this sense, the 'strong effort' principle is not more than the 'lutheran' principle applied through a more precise metric.

⁶⁷ When the 'lockean' principle is considered, a BI becomes exploitative because it requires some kind of redistribution, which would deny producers the full return of their labour. When the 'lutheran' principle is considered, a BI becomes exploitative because it would upset the proportionality between the value of the contribution and the benefits received by individuals. When the 'lutheran' principle is considered, a BI becomes exploitative because it would upset the proportionality between the income and work effort (Van Parijs 1997, p. 145-69, White 1997, p. 323).

might also generate brute luck inequalities in income⁶⁸, which renders them inconsistent with the principle of leximin opportunity. As an alternative, Van Parijs suggests that the relation between one's work and the ensuing proceeds might be governed by a 'weak effort' principle. This stipulates that there should be a positive correlation between one's work and the return it generates. In this case, the introduction of a BI would not distress the positive correlation between contribution and return whilst improving the individuals' ability to choose the life-style they prefer (Van Parijs 1997, p. 133-159 and White 1997, p. 323-325).

2.3.3. CRITICAL EVALUATION OF VAN PARIJS AND MEAD

Having described the fundamental arguments presented by Mead and Van Parijs, the next step will be to evaluate if their frameworks provide an adequate justification for the guarantee of a right to a minimum income. Van Parijs's proposal for an unconditional BI has been subjected to a number of criticisms⁶⁹. Brian Barry argues that a BI contradicts the spirit of Dworkin's notion of 'equality of resources' that underlies Van Parijs's principle of leximin opportunity. One of the principles underpinning Dworkin's equality of resources is that of 'special responsibility', which states that, although one must recognise the equal importance of the success of all human lives, individuals have a special and final responsibility for their own success (Dworkin 2002, p. 5-6). In light of this, one can compensate them for being excluded from the labour market, but not for a decision not to work (Barry 1992, p. 139).

Other authors such as Van Donselaar and Stuart White have focused on Van Parijs' rebuttal of the exploitation challenge made to the BI. Van Donselaar argues that A exploits B if A is better off than he would have been had B not existed, while B is worse off than he would have been had A never existed. With this in mind, Van Donselaar argues that a BI funded from the employment rents would produce an exploitative situation, where

⁶⁸ I.e. inequalities that do not result from individual choices.

⁶⁹ Some authors, such as Galston and Gorz, argue that Van Parijs dismisses too readily the integrative role of work. According to Gorz, work is a source of economic citizenship and full participation in society. A BI, rather than improving the job chances for individuals in society, would in fact legitimate the exclusion of certain individuals from the labour market (see <http://bostonreview.net/BR25.5/galston.html> and Gorz 1992, p. 181-3). However, this criticism is misplaced. Van Parijs bases his argument for a BI on a premise of liberal

individuals who do not want to work take unfair advantage of the redistribution of job resources they were not interested anyway (see White 2000, p. 529-30 and Widerquist 2001, p. 753-4).

Stuart White starts by recalling that the exploitation challenge implies a discussion about the principle of reciprocity. He points out that job assets, in contrast to natural resources or internal endowments, result from a process of social cooperation, whose redistribution must respect the principle of reciprocity. This stipulates that all individuals who want to share in the benefits of social cooperation have an obligation to make some kind of productive contribution (White 1997, p. 320-1). According to White, the weak effort principle does not provide a clear refutation of this challenge. Although it avoids the production of brute luck inequalities, it does not establish a strong enough connection between contribution and retribution (White 1997, p. 324-5). Instead, White argues that in order to receive a minimum income benefit, individuals must be available (depending on their contributory ability) to perform a minimum contributory activity (1997, p. 319)⁷⁰.

Bearing in mind the criticisms made by Barry, Van Donselaar and White, one can argue that an unconditional BI would unfairly favour those who do not want to work. This seems to give some support to Mead's claim that the provision of a minimum income guarantee should be made conditional to a work requirement. However, this is not to say that one can accept the totality of Mead's argument. In particular, there is significant criticism of the author's stance on the relation between obligations and opportunities and on his disregard of the contributory nature of other human activities besides paid employment.

Mead's criticism of the 'competence assumption' (Mead 1997, p. 13) reveals some of the author's own assumptions on the relation between obligation and opportunity. Mead's criticism can be interpreted in two ways. One is that Mead assumes that there are enough job opportunities available for all unemployed recipients (see Deacon 2002, p. 54). Obligations would be legitimate because everybody had the opportunity to exercise them. However, nowhere in his argument does the author explicitly argue that there are enough jobs for everybody. Furthermore, there is no suggestion that public authorities should

neutrality (or 'equal respect') (1997, p. 28). The overall purpose of real freedom is to allow individuals to choose the life-style they prefer, regardless of any conception of a good life or common good.

⁷⁰ Initially, White refers to this as 'baseline reciprocity' (1997, p. 319). Later on he develops this principle in his notion of 'Fair Reciprocity' (see White 2003, p. 77-96).

create work opportunities for individuals to exercise their obligation to work. This seems to contradict such an interpretation.

Another possible interpretation, which seems more in line with Mead's thought, is that the enforcement of obligations is legitimate regardless of the opportunities available to individuals. This is reflected in his argument that it is the effectiveness in enforcing individual obligations rather than the availability of jobs in local labour markets that explains the effectiveness of WIN programmes (Mead 1986, 159)⁷¹. However, as even other communitarian authors recognise (see Etzioni 1997, p. 82-3), the enforcement of obligations can only be fair in the context of an adequate distribution of opportunities.

Besides the issue of the opportunities to fulfil one's obligations, Mead has been criticised for failing to recognise the different ways in which individuals can contribute to society. As mentioned earlier, Mead argues that the duty to work is the most relevant common obligation (Mead 1986, p. 243)⁷². However, some authors, such as Jane Lewis, argue that this focus on paid work undermines the value of unpaid care work, which is performed mostly by women (1998, p.4). This argument can be extended to unpaid work for the community. Mead's focus on paid work disregards the fact that there are non-marketed activities that can contribute to general well-being. Gorz, for instance, argues that work can only be seen as a source of economic citizenship when it is performed for the benefit of others as citizens. Working in the public sphere is not necessarily to perform some kind of service to an employer, but to fulfil social needs that might, or might not be expressed through market mechanisms (Gorz 1992, p. 180-1).

In light of the previous paragraphs, it can be concluded that neither Mead nor Van Parijs provide an adequate justification of the right to a minimum income. Contrary to Van Parijs' argument, the right to a minimum should be made conditional on some kind of contribution requirement, as this would avoid the possibility of unfairly favour those who

⁷¹ The author accepts that more effective programmes were those that were more effective in the enforcement of obligations and, crucially, with more employable recipients and favourable labour markets. On the other hand, the least performing programmes were those which were less demanding on recipients, had more hard-to-employ recipients and worked in the context of tight labour markets. In light of these results, Mead does accept that the behaviour of welfare officers (concerning the enforcement of work obligations) could be a reaction to labour market conditions (Mead 1986, p. 161). However, based on the results of interviews with welfare officers alone, the author quickly dismisses this hypothesis. One can argue that this interaction should have been statistically tested.

do not want to work. Furthermore, contrary to what Mead argues, in order to avoid situations of unbalanced reciprocity, the enforcement of individual obligations must occur in a context where individuals have an effective opportunity to engage in some kind of contributory activity. Not only that, but any contribution requirement should recognise the variety of activities that make a contribution to society.

2.4. BEYOND MEAD AND VAN PARIJS. FOUNDATIONS FOR AN ADEQUATE JUSTIFICATION OF THE RIGHT TO A MINIMUM INCOME

As the previous section shows, Mead and Van Parijs' fail to provide an adequate justification of the right to a minimum income. To some degree this can be explained by the problems that are intrinsic to the authors' assumptions about the relation between the individual, the market and society. Van Parijs argument for an unconditional BI is aimed at furthering the individuals' ability to develop themselves. However, as can be seen from his handling of work-related assets (Van Parijs 1997, p. 106-9 and White 1997, p. 320-1), Van Parijs departs from an individualist approach that detaches individuals from their social, cultural and historical background⁷³. This explains why the author disregards the social nature of some of the resources that individuals use to pursue their ends, and the obligations that this imposes on them.

Mead's failure to argue for a fair work requirement, on the other hand, stems from two basic assumptions that underlie his communitarian argument: that the interest of society overrides that of individuals⁷⁴, and that the market is the main mechanism that regulates the functioning of society. In this context, the right to a minimum income is seen, not as form of furthering the individuals' ability to develop themselves, but as subsidiary form of

⁷² In fact, the centrality of work is reinforced by the obligation to learn to become employable, and the obligation to support one's family (Mead 1986, p. 242-3).

⁷³ This needs to be understood within a broader epistemological debate about the relation between the individual and society. Van Parijs, for instance, departs from a methodological standpoint (methodological individualism) that puts the individual as the starting point for the analysis of social reality (Shionoya 1998, p. 7; Lukes 1970, p. 78).

⁷⁴ Mead, departs from a methodological standpoint (methodological holism) that assumes that social phenomena are run by laws that cannot be explained in terms of the aggregate effect of individual actions (Shionoya 1998, p. 7; Lukes 1970, p. 78).

protection that should be designed in a way not to disturb the functioning of society, and the role of the market as the primary mechanism of social regulation.

This explains Mead's disregard for the need to create jobs in the case there are no jobs available in the labour market. Here individual obligations are not seen as a form of compensation for individual rights. They exist regardless of the rights of individuals. This also explains Mead's failure to acknowledge of the contributory potential of other activities besides paid employment. Although he recognises that the functioning of society depends of other institutions, such as the family or religion (Mead 1986, p. 246), only market-based employment is seen as making a contribution to society.

The previous paragraphs are relevant not only in explaining difficulties in the arguments posed by Mead and van Parijs, but also because they suggest that a more satisfactory justification is possible. In order to provide an adequate justification for the right to a minimum income, this alternative argument must be set in the context of an ontological framework that gives a normative priority to the development of individuals, but that recognises that individuals act in a particular social context that provides them with resources to develop themselves, but also requires from them the fulfilment of individual obligations. This would open way for the recognition of individual obligations, but at the same time guarantee that any contribution requirement is enforced in a context where individuals have the opportunity to fulfil their obligations.

Furthermore, in order to secure that the contribution requirement recognises the variety of activities that can be considered as making a contribution to society, this alternative justification should be based on an ontological framework that encompasses a more critical view of the regulatory role of the market, acknowledging the importance of other social institutions, such as the family or the state in the regulation of social life.

2.5. CONCLUSION

The chapter has demonstrated that Mead and Van Parijs, which typify the fundamental standpoints in the literature, fail to provide an adequate justification of the right to a minimum income. Reflecting on difficulties faced by the authors, it was argued that an

alternative argument is possible. This argument should be set in the context of an ontological framework that puts a focus on the promotion of the individuals' personal development, but recognises its social basis, and the obligations that it imposes on them; and encompasses a more critical view of the role of the market as a mechanism of social regulation.

3. HOW CAN ONE JUSTIFY A MINIMUM INCOME GUARANTEE? THE RIGHT TO PERSONAL DEVELOPMENT

Reflecting on Mead and Van Parijs' failure to provide an adequate justification of the right to a minimum income, the previous chapter argued that a more satisfactory alternative is possible. This alternative should be set in the context an ontological framework that puts a focus on the promotion of the individuals' personal development, but recognises its social basis, and the obligations that it imposes on them; and encompasses a more critical view of the role of the market as a mechanism of social regulation.

The purpose of this chapter is to develop a normative framework that can provide an adequate justification of the right to a minimum income. The first part of the chapter will argue that Durkheim's theory of social justice provides a theorisation of society, market and individual from which a more satisfactory justification can be derived. In line with Durkheim's theory of social justice, the second part of the chapter will argue that individuals have a right to exploit their talents, a Right to Personal Development. The last part will show that the Right to Personal Development, as it recognises that the right to a minimum income should be made conditional on the fulfilment of a contribution requirement, but that this requirement is enforced in a context where individuals have the opportunity to fulfil their obligations and that recognises the variety of activities that make a contribution to society, can provide an adequate justification of the right to a minimum income.

3.1. SOCIETY, MARKET AND INDIVIDUAL IN DURKHEIM'S THEORY OF SOCIAL OF JUSTICE

As the previous chapter demonstrates, a more satisfactory justification of the right to a minimum income must be founded on a particular theorisation of society, market and individual. This ontological framework must be found in the literature that laid down the foundations of modern social and political theory. Based on a comparison with the

arguments posed by Karl Marx and John Stuart Mill, this section will show that Durkheim's theory of social justice can provide such an ontological framework.

The first part of this section, making use of the heuristic potential of the notion of human nature, will describe how Mill, Marx and Durkheim conceive the relation between individual, market and society. Based on a comparison with the arguments posed by Mill and Marx, the second section will demonstrate why Durkheim's theory of social justice can provide a basis for an adequate justification of the right to a minimum income.

3.1.1. HUMAN NATURE IN DURKHEIM, MARX AND MILL

As seen earlier, this section will describe how Mill, Marx and Durkheim conceive the relation between individual, market and society. More than the relevance of their contribution to the development of social and political theory⁷⁵, the choice of Marx and Mill as the terms of comparison with Durkheim's theory of social justice is related with the fact that, although they share the same focus on promotion of the individuals' personal development, Marx and Mill provide contrasting views on the social basis of individual agency, and the role of the market in the regulation of society. As the following section will show, this will serve to highlight the advantages of the ontological framework proposed by Durkheim.

In order to achieve the objective afore mentioned, it was decided to use an analytical tool that facilitates the comparison between the authors' view of the relation between individual, market and society. As it identifies the biological and psychological traits of individuals, and the external factors that condition the individuals' ability to realise their true nature (Duncan 1983, p. 6-7), the notion of human nature can provide that analytical framework. Hence, the following paragraphs will look at the conception of human nature that underpins the work of Mill, Marx and Durkheim⁷⁶.

⁷⁵ In the same way as Durkheim (functionalism), these authors made a relevant contribution to social and political theory from which different theoretical traditions emerged (Marxism, liberalism/utilitarianism).

⁷⁶ The existence of something like a 'human nature' is an issue of strong debate. Chomsky argues that only the existence of a human nature can justify the drive for scientific knowledge and the existence of political debate. As an example, he asks what can justify that people struggle against injustice. Foucault, on the other hand, doubts that there is such a thing as a human nature. Rather than asking if human nature exists, Foucault argues, social scientists should study the ways this is used in political discourse (Fitzpatrick 2001, p. 95). The

John Stuart Mill's conception of human nature can be traced to his writings on utilitarianism and liberty. In his book 'Utilitarianism' the author tries to develop an utilitarian theory of social justice where "... happiness is desirable, and the only thing desirable, as an end"⁷⁷. According to Gray (1996, p. 192), Mill's concept of happiness is hierarchical and pluralistic. Hierarchical in the sense that happiness relates to the enjoyment of higher, rather than lower pleasures⁷⁸. Higher pleasures are related with those activities that allow individuals to make use of their capacity for autonomous thought and action⁷⁹. Pluralistic, in the sense that the individuals' happiness is related with their particular needs, endowments and personality. Hence, the search for happiness involves a process of discovery and development of one's endowments (Gray 1996, p. 192; Ten 1996, p. 214, Gray 1998, p. xv).

Marx's 'historical materialism' can then be seen as an account of the way in which different socio-economic systems realize/subvert the fundamental traits of human nature. The communist society, as the conclusion of the historical movement of human evolution, can be seen as the stage where social conditions are the expression of human essence (Forbes 1983, p. 25-6). In light of this, one can find the main aspects of Marx's conception of human nature in his analysis of capitalist and socialist mode of production.

Marx view of the capitalist mode of production is illustrated by the notion of alienated labour. Underlying this notion is one of the fundamental dimensions of Marx's conception of human nature: the ability for conscious creative activity⁸⁰. The capitalist mode of production is structured in such a way that workers are obliged to sell their labour power to guarantee their physical survival - 'market alienation' (Giddens 1971, p. 228). This

use of the notion of human nature here is in line with Foucault's approach. Rather than arguing for a particular view of human nature, the purpose here is to identify a standpoint in political theory that can provide an adequate justification for the right to a minimum income.

⁷⁷ Mill quoted by Gray (1998, p. x).

⁷⁸ This distinction needs to be related with what Mill calls the 'laws of the mind' (Smart 1983, p. 44), i.e. the psychological mechanisms that determine how practical experience is assimilated and processed by individuals. The most relevant laws in Millian psychology are the 'laws of association'. According to Mill, "a desire, an emotion, an idea of the higher order of abstraction, even our judgements and volitions when they have become habitual, are called up by association, according to precisely the same laws as our simple ideas" Mill quoted by (Smart 1983, p. 44).

⁷⁹ In this sense, the enjoyment of higher pleasures is also dependent on education, as a mean to develop the capacity for autonomous thought (Smart 1983, p. 47-8).

⁸⁰ Marx considers that what distinguishes man from other animals, our 'species-being', is the fact that human labour responds not to natural needs, but to conscious reflection. This must be interpreted in light of Marx's epistemology, which is based on the premise that human cognition is not a passive activity, but implies an active production of reality, which in turn shapes man and his relations with other human beings (Avineri 1968, p. 71).

alienates individuals from their essence, i.e., the free exercise of their creative capacities (Giddens 1971, p. 228-9 and Avineri 1968, p. 72). The increased specialisation, the impossibility to plan and control the productive process, and the repetitive and arid character of industrial production constitute a further curtailment of the individuals' capacity to use their conscious creative ability – 'technological alienation' (Giddens 1971, p. 228-9).

From this capacity for conscious creative activity, Marx derives the second dimension of his conception of human nature: the social nature of individuals⁸¹. In opposition to Kantian individualism, Marx sees all human activity as social and other-oriented, i.e., it depends on, or affects other individuals. Marx's criticism of the capitalist mode of production, founded on the right to private property, is based on the fact that this is not compatible with the other-oriented character of human production (Avineri 1968, p. 86-91). This is confirmed in Marx's description of communist society. The elimination of private property, by abolishing the separation between labour and product and offsetting the conditions that determine the organisation of productive processes, allows individuals to develop their conscious creative ability (Avineri 1968, 88-9).

Having described Marx's and Mill's standpoints, one can now turn to the conception of human nature underlying Durkheim's 'theory of social justice', developed in his study of 'The Division of Labour in Society' (1984)⁸². According to Durkheim, human behaviour is guided by two contradictory forces: our individual conscience (or personality), i.e. that which each one of us owns, and that differentiates us from others; and our common consciousness, which can be defined as "... a set of beliefs and sentiments common to the average members of a single society which forms a determinate system that has its own life" (Durkheim 1984, p. 84). The transition from mechanical to organic societies implies the transformation of the articulation between individual personality and collective consciousness in the production of social solidarity (Lukes 1973, p. 139, 149 and Jones 1986, p. 33).

⁸¹ Again, this must be understood in light of the fundamental premises of Marx's epistemology (see note 68).

⁸² A second conception of human nature is sketched in his essay "The Dualism of Human Nature and its Social Conditions" and is further extended in his later writings on morality. Underlying this conception of human nature is the need of individuals to submit themselves to the demands of society, as a superior moral entity, thus restraining themselves from acting on the basis of internal egoistic appetites (Lukes 1977, p. 83).

Whilst in mechanical societies social solidarity is based on the effacement of individual personalities with regards to the collective consciousness, in organic societies this depends on the ability of individual personalities to flourish. This means both the reduction in the scope of the collective consciousness and a structural change in its content. Whereas in (small scale) mechanical societies social solidarity depends on a set of very specific and enforceable collective values, in (large scale) organic societies the common consciousness becomes more abstract, in order to cover the diversity of individuals and experiences. At the same time, the content of the common consciousness changes from the focus on the superior interests of society to the focus on the individual – the ‘cult of the individual’ (Lukes 1973, p. 147-58).

In this context, social justice becomes a fundamental condition for the guarantee of social solidarity in organic societies. According to Durkheim: “... the division of labour only produces solidarity if it is spontaneous (...) But spontaneity must mean not the absence of any deliberate, formal type of violence, but of anything that may hamper, even indirectly, the free unfolding of the social force each individual contains within himself” (Durkheim 1984, p. 313). In order to be spontaneous, the division of labour must occur in a context of ‘absolute equality in the external conditions of struggle’ (Durkheim 1984, p. 313). This requires the elimination of the direct and indirect constraints to individuals’ choices over the best way to exploit their talents.

The elimination of direct constraints on personal development involves the abolition of all the situations where the allocation of social functions is made by criteria other than the merit of individuals. This means the abolition of all forms of institutionalised favouritism⁸³, and the reduction of economic inequalities, through the elimination of hereditary transmission of wealth, and support to individuals in disadvantaged positions (Durkheim 1984, p. 315). The elimination of indirect constraints is related to the promotion of contractual justice. A fair exchange, Durkheim argues, implies that the goods or services exchanged represent an equivalent social value⁸⁴. For this to happen, the parties need to be

⁸³ Or, in Rawlsian terms, careers open to all (Rawls 2001, p. 68).

⁸⁴ Durkheim defines social value as “... the part of that ... (total) ... effort capable of producing socially useful effects, that is, effects that correspond to normal needs” (1984, p. 317). This metric is far from clear. It implies a function between the total effort needed in the production of the goods or services, the intensity of the needs these might satisfy and the satisfaction it affords (Jones 1986, p. 54).

under equality of conditions in the exchange of goods and services (Durkheim 1984, p. 319).

3.1.2. DURKHEIM'S THEORY OF SOCIAL JUSTICE AND THE JUSTIFICATION OF THE RIGHT TO A MINIMUM INCOME

Having described the way in which Mill, Marx and Durkheim conceive the relation between individual, market and society, this section will provide a more thorough analysis of the authors' stand on the social character of personal development and on the role of the market as a mechanism of social regulation. This will demonstrate that the ontological framework proposed by Durkheim can provide the basis for a more satisfactory justification for a right to a minimum income.

Mill is ambiguous with regards to the social character of personal development. On the one side, personal development depends on practical experience. Hence, it can only occur in the context of society. However, personal development also requires a person to reflect on her position, and detach herself from society (Gray 1996, p. 201 and Lindley 1986, p. 52). The latter element, though, seems to have more weight in Mill's argument. This explains Mill's disregard for the obligations that the social character of personal development imposes on us. As Gray points out (Gray 1996, p. 193), the principle of liberty is expected to protect our ability to pursue our happiness, not to demand it.

In contrast with John Stuart Mill, Marx views society as a fundamental condition for fulfilment of our species-being. In fact, personal development implies the surmounting of one's own individuality. In Marx's own words: "... though a man is a unique individual – and it is just his particularity which makes him an individual, a really individual communal being – he is equally the whole, the ideal whole, the subjective existence of society as thought and experience"⁸⁵. However, the author does not acknowledge that the social character of personal development implies any obligations on individuals. In fact, no obligation would be necessary, as the abolition of private property in communist society would allow individuals to recognise their inter-dependency (Avineri 1968, p. 90-1).

⁸⁵ Marx, quoted by Avineri (1968, p. 88).

Durkheim argues that personal development can only occur in the context of society. However, in contrast with Marx, the social nature of the personal development implies an obligation to exploit one's talents. This obligation is inscribed in the morality of advanced societies which "... requires us only to be charitable and just towards our fellow-men, to fulfil our task well, to work towards a state where everyone is called to fulfil the function he performs the best and will receive a just reward for his efforts" (1984, p. 338). This obligation will be enforced through the use of restitutive sanctions. Unlike repressive sanctions, which are aimed at punishing individuals for a particular crime, restitutive sanctions are intended to restore the normal relationship between the parts. This can be done either by restoring the exchange between the two parts, or by annulling the exchange altogether (Durkheim 1984, p. 29).

In light of the previous paragraphs, it can be argued that, as far as the issue of the social nature of the personal development is concerned, Durkheim's theory of social justice provides an ontological framework from which an adequate justification of the right to a minimum income can be justified. In contrast with Mill's utilitarianism, Durkheim's theory of social justice is able to conciliate the normative priority to the development of individuals with the recognition that the latter depends of their social context. Moreover, in contrast with Marx, Durkheim acknowledges that the social character of personal development imposes obligations on individuals.

Having analysed the authors' view of the social character of personal development, one can now turn to their conception of the role of the market in the regulation of society. Marx fails to acknowledge the importance of the market, as it provides a mechanism to identify and satisfy social needs, in the regulation of society. In fact, as his analysis of the alienated character of labour under capitalism shows, Marx argue that when social relations are regulated by private property, and consequently the market, individuals tend to grow apart from each other, which in turn puts at stake the normal functioning of society. The elimination of private property in communist societies, as it allows individuals to assume their social nature, is the necessary guarantee to secure the functioning of society (Avineri 1968, p. 90-1).

Mill's view of the role of the market in the regulation of society is evident in his defence of *laissez-faire*, which reduces the possibility of state intervention to those areas that

independent individuals cannot adequately manage by themselves, as a principle of social organisation. As Schwartz demonstrates (1968, p. 119-23), underlying Mill's defence of *laissez-faire* is a belief on the efficiency of the market⁸⁶, as opposed to State inefficiency, in satisfying the needs and wants of individuals and of solving conflicts of interests between them. State intervention itself, should be limited to those areas that would help individuals to develop themselves⁸⁷: the provision of education and the guarantee of equal treatment to all individuals (Hollander 1985, p. 670).

In the same way as Mill, Durkheim enshrines the market as a fundamental mechanism of social regulation. This is clear in Durkheim's in the fact that his theory of social justice is mostly concerned with market-based employment⁸⁸. However, this is in contradiction with the spirit of the Division of Labour. Underlying Durkheim's analysis of the division of labour in organic societies is the idea that each part of society performs a function that is essential for the functioning of society.

For instance, Durkheim does recognise the role of the State as a mechanism of social regulation. However, in contrast with Mill, the role of the State here is not solely to supplement the market. It acts as an organ of 'social thought', which interprets the common good and, as it secures the respect for individual rights, as an organ of social justice (Giddens 1986, p. 28, 48-9). Not only that, acknowledging the organic character of modern societies, Durkheim also highlights that the social solidarity is dependent on the action of smaller social groups, namely the family and professional groups (Durkheim 1984, p. 17-21, 242-5)⁸⁹.

In light of this, one can argue that Durkheim's theory of justice, when interpreted in the context of his conception of the functioning of organic societies, provides a more attractive

⁸⁶ The superiority of the market derives from the system of incentives to personal development guaranteed by the existence of property rights, and from the advantages of the price system as an information-gathering mechanism, especially when compared with centralised forms of information-gathering (Schwartz 1968, p. 122).

⁸⁷ Mill does accept that the State can intervene to deal with market inefficiencies. Mill's argument for the need of mechanism public relief to deal with poverty, or the need to compensate individuals displaced by machinery, are good examples of Mill's recognition of some of the existence of market inefficiencies.

⁸⁸ A further evidence of Durkheim's view of the role of the market in organic societies is visible in the author's defence of the property an inheritance law, as means of marking the boundaries between the different parts of society (Durkheim 1984, p. 72-5).

⁸⁹ In fact, as his the preface to the second edition of 'The Division of Labour in Society' attests, as his career develops, Durkheim devotes increasing attention to the role of secondary groups in the production of social solidarity (Durkheim 1984, p. xxxi-lvii).

framework to analyse the role of the market in the regulation of society than that presented by Mill and Marx. In the same way as Mill, and in contrast with Marx, Durkheim recognises the role of the market in identifying and satisfying needs in society. Not only that, Durkheim also acknowledges that the functioning of society depends of the regulatory action of various social institutions.

Bearing in mind the previous paragraphs, one can then conclude that Durkheim's theory of social justice, as it provides an ontological framework that focuses on the promotion of the individuals' personal development, but recognises its social basis, and the obligations that it imposes on them, and acknowledges that the functioning of society depends not only on the on the regulatory action of the market, but also of that of other social institutions, can provide the basis for a more satisfactory justification of the right to a minimum.

3.2. FROM DURKHEIM'S THEORY OF SOCIAL JUSTICE TO THE RIGHT TO PERSONAL DEVELOPMENT

The purpose of this section is to propose a normative framework that, building on Durkheim's theory of social justice, is able to provide a more adequate justification for the right to a minimum income. As a starting point, in line with Durkheim's theory of social justice, one can argue that social solidarity in organic societies depends on the ability of individuals to exploit their talents. This can be guaranteed by instituting a Right to Personal Development⁹⁰. The section starts by discussing some of the most problematic issues in Durkheim's theory of social justice. The remaining subsections will show how, bearing in mind the problems identified in Durkheim's original framework, one can outline the conditions for the exercise of the Right to Personal Development. The final subsection will define the fundamental premises of the Right to Personal Development.

⁹⁰ Despite writing extensively on the relation between individual rights and organic solidarity, Durkheim's 'The Division of Labour in Society' (1984) never makes a specific connection between rights and social justice. He does this later when he analyses the role of the state as an organ of social justice (Giddens 1996, p. 45-50). In a posthumous article published in the 'Revue Philosophique', the author states: "... the progress of justice is measured by the degree of respect accorded to the rights of the individual" (Durkheim quoted by Giddens (1996, p. 49)).

3.2.1. CRITICAL ANALYSIS OF DURKHEIM'S THEORY OF SOCIAL JUSTICE

As mentioned earlier, Durkheim's theory of social justice will provide the background for an alternative normative framework, the Right to Personal Development, which should be able to provide a satisfactory justification of the right to a minimum income. However, in order to be successful, this normative framework must acknowledge some of the problems that are evident in Durkheim's theory of social justice.

As can be seen from the previous sections, Durkheim develops a meritocratic conception of social justice which combines both talent and desert-based elements (see note 55, p. 28). Its main purpose is to propose a social and redistributive system that enables individuals to exploit their talents, which in turn legitimises the inequalities that might arise from the use of these talents (see White 2003, p. 13-4). At the same time, Durkheim stresses that the individual's ability to exploit their talents depends of a broader cooperation mechanism, which in turn requires individuals to exploit their talents.

As with other meritocratic arguments, Durkheim's theory of social justice displays an idealised, if not teleological, view of the functioning of society. In particular, the spontaneous division of labour is only possible in a context where the distribution of natural talents matches the distribution of social functions⁹¹. Besides the objective unlikelihood of such a scenario⁹², this reflects the shortcomings in the author's conception of talents and of the conditions in which individuals exploit them.

Durkheim's conception of talents can be summarised in four ideas. First, these are 'hereditary tendencies' (Durkheim 1984, p. 310), in the sense that they are related to the internal endowments of individuals. Second, individuals have a limited set of abilities, which limits their potential for personal development⁹³ (Durkheim 1984, p. 310-1).

⁹¹ This is clear when the author tries to justify the need for equality of opportunities as a way of promoting social cohesion. Besides guaranteeing that social functions are fulfilled by those who are best suited to perform them, equality of opportunity can produce social cohesion by avoiding feelings of suffering and resentment that result from the inability of individuals to exploit their talents (see Durkheim 1984, p. 311-12, 315). Although Durkheim does not recognise it, this means that, even in a context of absolute equality in the external conditions of struggle, the mismatch between the distribution of natural abilities and the distribution of social functions would be a constant threat to the social cohesion of organic societies.

⁹² If anything, this premise would require the existence of markets functioning under perfect information, or the absolute mobility of individuals, which cannot be found in objective reality.

⁹³ In the Durkheim's own words: "... we are certainly not predestined from birth to any particular form of employment, but we nevertheless possess tastes and aptitudes that limit our choice" (1984, p. 310-1)

Thirdly, despite asserting that talents are related to the performance of social functions, Durkheim tends to relate them solely with paid employment (Durkheim 1984, p. 310). Fourthly, although the process is open to trial and error, under a context of equality of opportunities, individuals will normally perform the social function they are naturally inclined to fulfil (Durkheim 1984, p. 310, 312).

As the previous paragraph shows, Durkheim provides a rather vague conception of talents and of how individuals develop themselves. For instance, Durkheim does not clarify the process by which individuals discover their talents. Second, Durkheim neglects the role of education in the individuals' ability to exploit their talents. Thirdly, as it departs from an idealised vision of the functioning of society, Durkheim fails to provide a more comprehensive analysis of the processes that regulate the allocation of individuals to social functions.

This puts serious questions to Durkheim's conception of equality of opportunity⁹⁴. This cannot be guaranteed solely by the elimination of institutionalised favouritisms. Furthermore, it is hard to believe that the elimination of all inherited wealth alone, as a means of reducing economic inequality, will be enough to guarantee that individuals have the same opportunities to exploit their talents⁹⁵. This suggests that in order, to guarantee an effective equality of opportunity for individuals to exploit their talents, the Right to Personal Development must provide a more comprehensive conception of human talents and of how individuals exploit them.

Another problematic issue concerns the Durkheim's narrow understanding of the range of activities that can be considered as fulfilling a social function, and consequently as a space for personal development. As mentioned earlier, Durkheim's theory of social justice seems to be restricted to paid-employment, thus neglecting the contributory nature of a diversity of non-paid activities such as care work, community work, etc. (Levitas 1996, p. 12). In light of this, in order to extend personal development to other activities besides paid employment, the Right to Personal Development must accommodate a broader

⁹⁴ As Wright-Mills mentions, Durkheim's theory of justice is more about equality of conditions than equality of opportunity (1996, p. 129).

⁹⁵ In fact, one can argue that the elimination of all inherited wealth will harm the development prospects of the poorest in society.

understanding of the type of activities that can be considered as fulfilling a social function, i.e. as making a contribution to society.

Bearing in mind the previous paragraphs, it will be argued that in order to provide a satisfactory justification of the right to a minimum income, the Right to Personal Development must, in line with Durkheim's theory of justice, reflect a more comprehensive understanding of individual talents are, how individuals exploit them, and of the type of activities that can be considered as fulfilling a social function. The next two sections will provide further discussion on these issues.

3.2.2. INDIVIDUAL TALENTS AND PERSONAL DEVELOPMENT

One can start by arguing that talents have a biological/physical basis. However, one should differentiate between a 'basic talent', which refers to a particular physical or sensory endowment, and a 'complex talent', which refers to the combination of a variety of physical or sensory gifts in the performance of a particular activity (Smith 2001, p. 19). As they are related with the fulfilment of social functions, talents here are conceived in the latter sense.

One should also point out that human talents, despite their specialised character (i.e. they are solely related to the performance of a social function⁹⁶), they are obviously dependent of the features that secure human agency. Hence, in line with the argument put forward by Doyal and Gough (1991, p. 56-69), the individuals' ability to exploit its talents is dependent of their cognitive capacity (human intelligence, learning skills, reflective skills), emotional stability and physical condition (physical strength, agility, overall bio-functional equilibrium, etc.).

In the same way as Durkheim, one should also recognise that the individuals' ability to exploit their talents is socially conditioned. First, because a person's ability to exploit her talents depends on the opportunities to exercise them. As Roberts shows (1990, p. 1), talents can only be recognised through practical performance. This is to say that, individuals hold 'recognizable talents' that are identified when performing a given activity

⁹⁶ Human agency refers to a much broader range of human activities, such as political participation, personal ethics, etc.

or function, and ‘hidden talents’ that individuals hold but are unaware of. Hence, personal development depends on the opportunities to engage one’s talents in the performance of a given activity/social function (Roberts 1990, p. 2-3).

Second, as the debate about the distinction between talent and impairment makes evident, talents are themselves socially constructed. According to Smith, rather than a purely medical and static condition, physical impairments are a social construct, which must be analysed in terms of the individuals’ participation opportunities. When physical impairments are conceived in these terms, the latter could be reconstructed as talents - ‘impairment-talent transferability’⁹⁷ (Smith 2001, p. 30). This, of course opens new opportunities for individuals to exploit their talents (Roberts 1990, p. 2-3).

One should also point out that the individuals’ ability to exploit their talents is conditioned by education and training. The role of education can be traced back to the importance of cognitive ability for human agency in general. Doyal and Gough demonstrate the importance of the educational system as a provider of cognitive skills such as use of language, reading literacy or mathematical literacy, which are central for the development of human autonomy (Doyal and Gough 1991, p. 181-4; 214-216). Training, on the other hand, allows individuals to transform their natural talents into skill that can be used in the production of goods or services. The role of training and education becomes even more important in the context of the ‘knowledge-based society’, as this requires that education and training systems provide a framework that enables individuals to be engaged in learning throughout their lives - lifelong learning (ILO 2002, p. 12).

Finally, as the existence of unemployment exemplifies, the distribution of opportunities for personal development does not necessarily match the distribution of talents in society. Be it due to market imperfections (such as imperfect information and limits to mobility of labour), or to the effects of technological progress on the demand for certain skills, or the effects of economic cycles, there are situations of mismatch between the supply and demand of talents in the labour market (see Hudson 1988, p. 11-27). In all cases the State, by improving the support to individual job-search, by promoting mobility in the labour market, by promoting the creation of training opportunities, or by promoting policies that

⁹⁷ The case of the relation between gigantism and basketball, is a clear example of this approach.

increase the consumption of goods and services⁹⁸, can have a relevant role in increasing the opportunities for individuals to exploit their talents.

Bearing in mind the criticisms made to Durkheim, one can argue that the conception of talents and personal development proposed here bears three fundamental advantages. First, it shows that individuals hold an indeterminate number of talents, some recognisable, others hidden. Personal development then consists of an open process where individuals choose either to use their recognisable talents or explore hidden ones. Second, it recognises that personal development is not just about the possibility of using one's talents in the performance of a given social function. It also involves the improvement of one's human capital as this will enhance individuals' ability to exploit their talents. Finally, it shows that equality of opportunities for personal development depends, not on the elimination of inherited wealth, but on the existence of effective opportunities for individuals to exploit their talents, be they opportunities to exploit new talents, opportunities that enable the impairment-talent transferability, or to improve their human capital.

3.2.3. SOCIAL FUNCTIONS AND PERSONAL DEVELOPMENT

As already seen, despite the broadness of Durkheim's notion of social function, his theory of social justice fails to acknowledge the contributory nature of other activities besides paid employment. The purpose here, based on Durkheim's original notion of social function, is to determine what activities respond to social needs. In order to guarantee the success of this endeavour, one can build on Stuart White's notion of 'civic labour'⁹⁹. In line with Durkheim's notion of social function, civic labour refers to all "... labour that provides a significant service for, or on behalf of, the wider community" (2003, p. 97). In order to determine what are the activities that might be considered as a form of contribution to society, one needs to identify "... what kind of work is sufficiently valuable to other citizens to count in reciprocation for the goods and services they have supplied." (White 2003, p. 99). The most obvious mechanism to determine the value citizens assign

⁹⁸ Be it through public investment, or by lowering taxes or, where possible, by reducing interest rates to improve investment. (Hudson 1988, p. 12)

⁹⁹ As mentioned elsewhere (section 2.1.2.), White argues that those individuals who, in the context of just economic institutions, require a high share of the social product available should be expected to perform a minimum amount of work, or civic labour.

to a given good or service is the market. In light of this, civic labour refers, in the first instance, to market-generated paid employment, or self-employment (White 2003, p. 99).

Nevertheless, the author recognises that some forms of paid employment are not market-generated, but located in the public sector. Still, given the existence of state inefficiencies, only certain types of activities can be considered as civic labour. In light of this, the author argues, civic labour can only include work activities related to the production of public goods, i.e., goods that are available for the (indiscriminate) use of all individuals and in which individual consumption does not diminish their availability to other individuals; and merit goods, i.e., goods that respond to claims of distributive justice (that can be structured around the notion of need) or to other moral reasons (White 2003, p. 101-3).

Besides work activities related with the production of public and merit goods, White's conception of civic labour also includes work performed in the household, namely parental care and care of the infirm¹⁰⁰. Parental care work can be seen as providing both a merit good, in the sense that it provides for the needs of individuals (i.e., children) who cannot take care of themselves; and a public good, in the sense that it guarantees the intergenerational continuity of society, even for those who do not wish to have children. The care of the infirm, on the other hand, can be seen as a merit good, in the sense that it secures the needs of the infirm (White 2003, p. 111-2).

White's conception of civic labour, despite its relevance, is not without problems. Although it acknowledges the existence of other contributory activities besides paid employment, it does not ascribe to them the same moral value. This is clear when he argues that work performed in production of public and merit goods can only be considered as a form of civic labour to the point that the provision of these goods is not excessive with regards to societal needs (White 2003, p. 101-8)¹⁰¹. This is also clear, when

¹⁰⁰ This excludes other forms of household work as, White argues, they fulfil domestic and personal rather than social functions (2003, p. 111-2).

¹⁰¹ In order to measure the provision of public goods and merit goods that respond to claims of distributive justice, the author suggests the possibility of using a revised version of Dworkin's hypothetical insurance market. This would consist in estimating the preferences of the average member of the community concerning the level and range of merit goods it would buy. This mechanism should be complemented by a set of mechanisms, such as deliberative opinion polls and citizens' juries, that improve the deliberative and participatory nature of public decision-making institutions (White 2003, p. 103-9). In the particular case of merit goods that respond to other moral reasons, White argues that "... the provision of such goods arguably is legitimate if the pattern of provision reflects the preferences of majority and minority in proportion to their respective tax contributions" (White 2003, p. 101-3).

he argues that the basic work expectation, for a person with parental responsibilities, will only be reduced, depending on the age of the child, to something like half the basic work expectation (White 2003, p. 115-6). In the end, this reflects White's assumption that the market is the most suitable mechanism for identifying the contributory nature of productive activities¹⁰².

A second problem with Stuart White's conception of civic labour, is that the author neglects the role of non-state organisations in the provision of merit goods. Underlying the notion of 'social economy' (or not-for-profit, or voluntary sector or third sector) is a set of organisations, such as social enterprises or voluntary organisations, which provide a number of goods and services aimed at fulfilling the needs of individuals and communities that are not satisfied by either the market or the public sector (see Defourny, Favreau and Laville 2001, p. 3-4, 20-5). Hence, any paid or unpaid work carried out within this type of organisations can be said to make a contribution to society.

Despite the problems mentioned above, Stuart White's definition of civic labour can be used as a guide to identify the activities that can be seen as fulfilling a social function. These can include:

- Market-based paid employment, in the sense that it satisfies needs that other individuals are interested in paying for;
- Public sector paid employment, in the sense that it contributes to the production of public and merit goods which are essential for the functioning of society;
- Paid and unpaid work in social economy organisations, in the sense that it contributes to the production of goods and services that satisfy social needs that are not met by the market or the public sector;
- Parental care, in the sense that it guarantees the basic conditions for social reproduction;
- Care of infirm, disabled or older individuals, in the sense that it satisfies the needs of those who cannot provide for themselves.

¹⁰² This is proved by the fact that the author does not question the contributory role of work engaged in the production of goods and services that are aimed at fulfilling luxurious tastes, rather than social needs. The author does accept that certain paid activities, such as activities who might be harmful to the basic interests of individuals (such as prostitution) or that involve as excessive risk of self-harm (such as drug-dealing), cannot be considered as civic labour. However, he never considers the issue of expensive tastes, which is a key criticism of the author's assumptions about the role of the market in identifying the contributory nature of productive activities.

However, in contrast with White's argument, these activities, as they are equally important in guaranteeing the functioning of society, bear the same contributory value. This is particularly important in the case of non-paid work, be it in the household or in voluntary organisations, which should be seen as equivalent to paid employment as a way of contributing to society.

As can be seen, in contrast with Durkheim's original framework, personal development is here seen as not just about the performance of paid-employment. Here this refers to a variety of paid and unpaid activities, and to the participation in education and training. This has further implications for the use of Durkheim's theory of justice as the basis of the Right to Personal Development. Specifically, this means that Durkheim's argument for the need to eliminate all direct constraints on the individuals' choice over the way option to exploit their talents needs to acknowledge the diversity of activities that this can cover. The same applies to Durkheim's argument for the obligation to exploit one's talents.

3.2.4. POSTULATING THE RIGHT TO PERSONAL DEVELOPMENT

Bearing in mind the previous sections, one can now advance the fundamental premises of the Right to Personal Development. As before, it will be argued that the production of social solidarity in organic societies depends on the ability of individuals to exploit their talents, i.e. the ability to nurture their talents through education and training and to exercise them in the performance of a social function. This can be guaranteed by instituting a Right to Personal Development.

In order for individuals to exercise their Right to Personal Development, it is necessary to secure certain conditions. Bearing in mind the importance of a person's physical condition, cognitive capacity and emotional stability, if she is to be able to exploit her talents, it will be argued that social actors and institutions must first meet the individual's basic consumption needs, namely the access to an adequate income, healthcare and housing.

The exercise of the Right to Personal Development also requires that individuals must be free to choose the way they want to exploit their talents. In line with Durkheim's theory of justice, this requires the removal of all the norms that restrict access to the whole range of

activities that enable a person's personal development; and the removal of all the mechanisms that might indirectly condition or influence a person's choices over the best option for personal development.

However, a person's ability to exploit her talents does not depend on direct or indirect constraints alone. As the previous section showed, she needs effective opportunities to exploit her talents. In light of this, it will be argued that they should be provided with the opportunity to exploit their talents, be it new opportunities to use recognisable talents, opportunities to discover hidden talents (even including the transformation of impairments into new talents), or opportunities to engage in training or education.

Finally, the Right to Personal Development carries with it a corresponding responsibility, a reciprocity requirement. As mentioned earlier, the existence of a Right to Personal Development is justified by the assumption that collective life is dependent on a cooperation process where individuals use their talents in the exercise of a given social function. Hence, every individual has a duty, using their talents, to participate in the cooperation process that secures the functioning of collective life, and consequently the possibility for other individuals to develop themselves. Furthermore, in line with Durkheim's original framework, this obligation can be enforced through the use of restitutive sanctions.

In light of this last requirement, one can summarise the Right Personal Development in the following terms:

Every individual has a right to exploit its talents, which can be exercised whilst performing a social function in society, such as paid employment, performing unpaid work in social economy organisations or providing care to dependent family members; or improving their human capital through education or training. In order to secure this right, social actors and institutions must:

- meet the individual's basic consumption needs
- eliminate direct and indirect constraints to the individual's choices on the best way to exploit its talents
- provide the individual with opportunities to exploit its talents

- enforce, through the use of restitutive sanctions, the individual's obligation to exploit its talents as to enable the personal development of others.

3.3. THE RIGHT TO PERSONAL DEVELOPMENT AND THE GUARANTEE OF A MINIMUM INCOME

Having put forward the fundamental premises of the Right to Personal Development, this section will show how this framework can provide an adequate justification of the right to a minimum income. First of all, one needs to demonstrate how one can derive the right to a minimum income guarantee from our normative framework. Bearing in mind the definition of the Right to Personal Development advanced earlier, one can argue that it is possible to justify the need for a right to a minimum income as a form of guaranteeing the individuals' basic consumption needs.

As seen earlier, in order to provide a more satisfactory justification, a minimum income guarantee based on the Right to Personal Development, must fulfil three basic requirements. First, that the exercise of the right to a minimum income is conditional to some kind of contribution requirement. As the previous sections show, the Right to Personal Development involves an obligation to exploit one's talents reciprocity requirement. Furthermore, it was argued that this obligation should be enforced through restitutive sanctions. In light of this, it can be argued that making the right to a minimum income conditional to a requirement to exploit one's talents, be it by participating in education and training or the performance of a social function in society, is consistent with the Right to Personal Development.

The second requirement is that the enforcement of individual obligations occurs in a context where individuals have an effective opportunity to engage in some kind of contributory activity. As the previous sections show, the Right to Personal Development recognises the need for individuals to have effective opportunities to exploit their talents. Hence, it can be argued that the contribution requirement which conditions the exercise of the right to a minimum income, should be enforced in a context where individuals have effective opportunities to use recognisable talents, opportunities to discover hidden talents

(even including the transformation of impairments into new talents), or opportunities to engage in training or education.

The final requirement is the need to recognise the variety of activities that can be considered as an appropriate form of contributing to society. As the previous sections show, the Right to Personal Development recognises the contributory potential of a variety of social activities. In light of this, it can be argued that the contribution requirement which conditions the exercise of the right to a minimum income, besides the engagement in education or training, should cover a variety of activities such as such as paid employment in the private or public sector; paid or unpaid work in social economy organisations, parental care, or care for dependent family members. Bearing in mind the previous paragraphs, it will be argued that the Right to Personal Development can provide an adequate justification for the right to a minimum income.

3.4. CONCLUSION

As mentioned elsewhere, the introduction of activation requirements in GMI schemes prompted a debate about the justification of the right to a minimum income. The previous chapter showed that Mead and Van Parijs, which typify the fundamental standpoints in this debate, fail to provide a satisfactory justification. Reflecting on the limitations of the arguments posed by the two authors, namely in what concerns the authors' assumptions about the relation between society, market and individual, it was argued that more satisfactory alternative is possible.

This chapter was set to develop a normative framework that could provide a more satisfactory justification of the right to a minimum income. The first part of this chapter demonstrated that Durkheim's theory of social justice, as it makes provides an ontological framework which is able to establishing a relationship between organic solidarity, personal development and social obligation, can provide the basis for a more satisfactory justification of the right to a minimum income. Building on Durkheim's theory of social justice, the chapter then argued that individuals have a Right to Personal Development.

Finally, the chapter showed that, as it recognises that the right to a minimum income should be made conditional to the fulfilment of the obligation personal development; that individuals should have effective opportunities to exploit their talents, and that recognises the contributory potential of a variety of social activities, this normative framework can provide an adequate justification of the right to a minimum income. In light of this, it will be argued that the Right to Personal Development should be used as the normative standpoint to analyse the balance between fairness and effectiveness in the activation of GMI recipients.

4. THE COMPARATIVE STUDY OF THE RELATION BETWEEN THE EMPLOYMENT EFFECTIVENESS OF GMI SCHEMES AND THEIR RESPECT FOR THE RIGHT TO PERSONAL DEVELOPMENT

Has seen earlier, the introduction of activation requirements in GMI schemes prompted two, complementary, debates. Whilst, the first is concerned with the terms in which one can justify the right to a minimum income, the second is related to the balance between fairness and effectiveness in the activation of GMI recipients. The previous chapters have shown that the Right to Personal Development can provide an adequate justification for the right to a minimum income. In light of this, it was argued that the Right to Personal Development should be used as the normative standpoint to analyse the balance between fairness and effectiveness in the activation of GMI recipients.

This chapter will present the methodological basis for a comparative study of the relation between the respect of the Right to Personal Development and the employment effectiveness of GMI schemes in EU member countries. The chapter starts by reviewing the literature on the employment effectiveness of GMI schemes. The remaining sections will describe the methodology that will be used to analyse the relation between respect of the Right to Personal Development and the employment effectiveness of GMI schemes in EU member countries.

4.1. THE EMPLOYMENT EFFECTIVENESS OF GMI SCHEMES – REVIEW OF THE LITERATURE

This section first examines the literature on the employment effectiveness of GMI schemes. Starting with the comparative evidence, where no comparative literature is available, relevant country-based studies will be used. The section starts by revising the existing comparative evidence on the employment effectiveness of GMI schemes. It then examines how the various mechanisms and strategies devised to activate GMI recipients impact on the schemes' employment effectiveness. Finally, it identifies the main strengths and shortcomings in the existing literature, and discusses how these will affect the design

of the methodological framework for the analysis of the relation between the employment effectiveness of GMI schemes in EU member countries and their respect for the right to Personal Development.

4.1.1. MEASURING TRANSITIONS FROM GUARANTEED MINIMUM INCOME TO WORK

As Hanesch and Baltzer rightly mention (2001, p. 32), there is little comparative evidence on the employment effectiveness of GMI schemes in EU member countries. In 1999, the European Commission gathered institutional/administrative data on the effectiveness of GMI schemes in a number of EU member countries. As Table 5 shows¹⁰³, most GMI schemes had significant problems in returning recipients back to the labour market. The French RMI was the most effective, as 27% of recipients were able to find a job. In Denmark and Spain close to 15% of recipients entered the labour market. The least effective scheme was the *Revenu Minimum Garanti* in Luxembourg (European Commission 1998, p. 28). However, as it does not differentiate between subsidised and unsubsidised employment, this study fails to provide an accurate representation of the employment effectiveness of GMI schemes.

¹⁰³ As can be seen in Table 5, there are significant limitations in the data gathered by the European Commission. For instance, the Commission study does not clarify the time frame in which transitions to employment occur (see European Commission 1998, p. 28).

Table 5 - Results achieved by socio-economic integration measures (% of total recipients)

	"Active "	No longer receiving min. income	Employment	Unpaid work	Training	Other
Denmark	49	20 - 30	15	/	34	50 ¹
Germany	8.4	/	/	/	/	/
Spain	100 ²	/	13 ³	:	:	0.05 ⁴
France	> 28	33	27		6	52 (47 job seekers)
Luxembourg	12.0	6.05 ⁵	4.7	3.9	3.5	79.5 ⁶
Netherlands	/	32.9	11.6	:	0.6	18.8 ⁷
Portugal	21.8	/	9.7	/	21.5	50.1 ⁸

* No information given

: Not available

1 - In supplement to other benefits

2 - In theory

3 - Protected employment

4 - Social integration projects (healthcare, children's education, etc)

5 - In 96

6 - Exempt from MSC

7 - Of which 4 have moved abroad; 4 marriages

8 - 18.6, healthcare; 23.7, social support; 7.8, housing

Adapted from: European Commission (1998, p. 28).

Nicaise *et al.*'s (2003) study of GMI schemes in the European Union, based on comparable data from the European Community Household Panel (ECHP), provides a more sophisticated portrait of the employment effectiveness of GMI schemes. If one looks at the average yearly probabilities of transition between GMI and work (Table 6)¹⁰⁴, one notices that Austria and Denmark, alongside Finland and Spain, are the most effective at returning recipients back into the labour market. In contrast, Ireland and Germany present the lowest levels of effectiveness.

¹⁰⁴ In order to build this indicator the authors started by producing yearly transition rates, i.e. the probability of a GMI recipient, in any given month, being in work in the next 12 months. These yearly transition rates were then averaged (Nicaise *et al.* 2003, Annex 7, p. 76).

Table 6 - Average yearly probabilities of transition between GMI and work

1993-1997	(%)
Austria	45.05
Belgium	27.54
France	27.90
Germany	17.19
Luxembourg	26.02
Britain	25.52
Ireland	18.10
Denmark	45.11
Finland	39.82
Spain	34.47

Source: Nicaise *et al.* 2003, Annex 7

Despite its significance, this study bears some limitations¹⁰⁵. In particular, it does not take into account the influence of labour market conditions on the effectiveness of GMI schemes, particularly their ability to re-integrate unemployed persons¹⁰⁶. One would expect that more buoyant labour markets would absorb a larger share of GMI recipients. For instance, Theodore and Peck, argue that the relative success of workfare schemes in the US must be understood in the context of a booming economy, which was creating new jobs anyway (2000, p. 87).

Unfortunately, there is little evidence of impact of labour markets on the effectiveness of GMI schemes. A study carried out by the White House Council of Economic Advisers' showed that, in what the US is concerned, there is a connection between the level of unemployment and the percentage of individuals on welfare. For instance, in the period between 1993-96, a share of 26% to 36% of the overall decline in the percentage of welfare recipients was due to improvements in the labour market. After the introduction of TANF, which increased the positive and negative incentives to force recipients into the labour market, only 8% to 10% of the decline in welfare caseloads could be ascribed to

¹⁰⁵ As the authors themselves admit, 'yearly transition rates' consist of estimates, rather than actual transitions between states. Furthermore, the methodology adopted does not take into account duration effects, i.e. the influence that the time spent in a given situation can have on the individual's likelihood of moving on to a different state. Thirdly, the average transition probabilities ignore variations within countries (Nicaise *et al.* 2003 – Annex 7, p. 76).

¹⁰⁶ The picture becomes even more complex when one takes into account the interaction between the performance of labour markets and the impact of ALMP. For instance, Anxo, Carcillo and Erhel (2001) suggest that ALMP have a significant positive impact on total hirings from unemployment. Belmand and Lehmann (1990) also show some positive effects on outflows from unemployment, but only for job creation schemes. On the hand, De Koning *et al.* (1995), based on the evaluation of ALMP in the Netherlands, argue that ALMP have no effects on total hirings from unemployment. For a more detailed discussion of the impact of ALMP see De Koning (2001).

labour-market conditions (Council Of Economic Advisers 1999, p. 23). Cornilleau, Demailly and Papin try to estimate the effect of growth of employment creation on RMI caseloads (France). The authors argue that during the period between 1997-99, the creation of 870 000 jobs contributed for a reduction of 51 000 individuals in the RMI (approximately 5% of the recipient population) (2000, p. 7). However, these studies must be analysed with caution as they do not differentiate between entries and departures from social assistance and, in the later category, transitions from benefit to work.

One way of trying to account for labour market conditions in the measurement of the effectiveness of GMI schemes consists in the realisation of quasi-experimental evaluations. Dahl and Pedersen carried out a systematic review of this type of studies in Europe. However, as the authors notice, the available studies use different methodological approaches, which limit their comparability. Nonetheless, the systematic review suggests that activation programmes have a positive net-employment effect. In France, studies show that 25% of RMI recipients are able to enter employment, whereas in the Netherlands this amounts to around 18% (Dahl and Pedersen 2002, p. 71-2)¹⁰⁷.

4.1.2. RIGHTS, OBLIGATIONS AND THE EMPLOYMENT EFFECTIVENESS OF GMI SCHEMES

As mentioned earlier, this section will review the existing evidence on the impact of the various mechanisms and strategies devised to activate GMI recipients on the schemes' employment effectiveness. The initial subsections will look at the evidence on the impact of the activation incentives imposed on GMI recipients on the schemes' employment effectiveness. The last subsection will turn to evidence on the impact of human capital development and labour-market attachment strategies.

¹⁰⁷ Dahl and Pedersen's review also suggests that job training in private companies or programmes that are closer to real labour-market conditions are the most effective. Furthermore, the authors indicate that young people, with higher educational levels and less social problems, are those who benefit the most from participating in activation schemes. In fact, this might be related to the fact that welfare officers tend to assign more employable individuals to participate in activation programmes. This reinforces the idea that activation programmes entail significant deadweight effects (2002, p. 73).

4.1.2.1. Positive incentives and the employment effectiveness of GMI schemes

As seen earlier, GMI recipients are entitled to participate in a variety of programmes designed to enhance their chances of entering the labour market: job-search assistance, training courses, incentives to individuals (earnings supplements, tax credits or self-employment programmes), job-creation schemes and subsidies to employers¹⁰⁸ (see section 1.2.2.). According to Meager and Evans, when separated from the effects of other policy-variables (such as sanctions or participation in active labour market programmes) the employment-effect of job-search assistance programmes is modest. Nonetheless, the evidence suggests that this type of programme might be of value when included in tailored-made support-strategies (Meager and Evans 1997, p. 66-7).

The literature suggests that training courses have little impact on the employment chances of long-term unemployed. However, according to the Meager and Evans, these results are not definitive. First, the impact of training courses needs to be analysed in the medium or long-term. Second, the evidence shows that small-scale schemes, targeted at disadvantage groups and focussing on specific skills, may be more effective than large-scale schemes. Finally, some studies show that the introduction of on-the-job training elements, and a better adjustment of training offers to the needs of employers, might increase the employment-effectiveness of training programmes (Meager and Evans 1997, p. 65-6).

In regards to the impact of incentives to individuals one should notice the added value of earnings supplements. In Ireland, the Back to Work Allowance was proven to increase the employment rate of participants by 58%. In the UK, the evaluation of the pilot stage of the Jobmatch programme estimated that the employment-effect was around 28% (Gardiner 1997, p. 38-9). In their review of the evaluations of in-work benefits in the US, Bloom and Michalopoulos show that the effectiveness of earnings supplements is conditioned by its size and the number of hours individuals are required to work to be entitled to further support. Hence, lower supplements are less effective at inducing people back to the labour market. Furthermore, schemes that are targeted at part-time work can act as a disincentive to individuals who would be prepared to work full-time (Bloom and Michalopoulos 2001, p. 27-31).

¹⁰⁸ The available literature on the employment effectiveness of active labour market programmes does not focus on GMI recipients *per se*, but on long-term unemployed. However, given their importance in GMI caseloads, I decided to use it as a proxy for GMI recipients.

Just as with earnings-supplements, tax credits seem to be very effective at inducing GMI recipients to take up jobs. In the US, Hotz, Mullin and Scholz show that the Earned Income Tax Credit has been very successful in increasing employment rates of low-skilled workers, especially those who receive social assistance benefits (2005, p. 36). In the UK, MacKay suggests that the Working Family Tax Credit was influential in increasing the labour market participation of unemployed persons, especially lone parents (2003, p. 31-3). As for self-employment programmes, these appear to be of little help to long-term unemployed. Targeting these programmes on long-term unemployed, might reduce the associated deadweight-effects, but would reduce their employment impact (Meager and Evans 1997, p.68-9).

Having analysed the impact of the incentives given to GMI recipients, one can now turn to the evidence on the impact of traditional job-creation schemes. However, as Meager and Evans show (see 1997, p. 33-7) this is far from conclusive. Some studies, such as Ackum Agell (1995), Disney *et al.* (1992), Spitznagel E. (1989) or Bonnal, Fougère and Serandon (1994) show little or no long-term impact on the recipients' employment chances and significant displacement effects. Others, such as Lechner, Reiter and Riesenfelder (1996), De Koning, Gravesteijn-Ligthelm and Olieman (1994) or Breen (1991) show positive impacts.

There is, nonetheless, evidence of the factors that might increase the effectiveness of this type of programmes. For instance, programmes that offer more labour market-oriented work experience tend to be more effective. The same happens with programmes that combine work with training and provide support for personal or family problems. In addition, evidence shows that small-scale schemes can have a bigger impact as they can provide more genuine work experience to recipients and reduce displacement effects (Meager and Evans 1997, p. 60-2).

The evidence on the employment effectiveness of subsidies to employers is quite disappointing as they present high deadweight effects - see Breen and Halpin (1989). Some schemes also have significant substitution effects - see De Koning (1993). However, as Meager and Evans rightly argue (1997, p. 59), this can entail positive equity effects in terms of the distribution of opportunities of labour market participation. Nonetheless,

improving the targeting of subsidy programmes can reduce deadweight and displacement effects and improve the employment prospects of long-term unemployed persons (Meager and Evans 1997, p. 59).

4.1.2.2. Negative incentives and the employment effectiveness of GMI schemes

The literature on the impact of negative incentives imposed on GMI recipients has focussed on work-requirements, sanctions, time-limits, the reduction of unemployment traps and insertion contracts. According to Meager and Evans (2001, p. 67), the evidence on effectiveness of work-requirements in GMI schemes is not conclusive. For instance, the evaluation of Restart programme in the UK - see Bellmann and Lehmann (1990) - has been cited as an example of the added value of mandatory job-search. There is also evidence that mandatory job-search programmes have higher long-term employment effects than voluntary programmes (Blundell 2001, p. 25). However, it is difficult to know to what degree the impact of job-search requirements can be differentiated from the impact of sanctions. In fact, more recent research on the Restart experience argued that benefit sanctions had a significant role in the success of the programme (Meager and Evans 1997, p. 67).

In the same way as with work-requirements, the evidence on the impact of sanctions on the recipients' employment prospects is far from conclusive. According to Kaplan (1999, p. 6), the studies on the impact of sanctions in TANF have produced contradictory results. Some studies, such as Pavetti *et al.* (1996) or Fraker, Nixon and Losby (1997), suggest that both the threat of sanctions and the enforcement of sanctions increase the recipients' compliance with work requirements. Other studies, such as Hamilton *et al.* (1997) and Bloom (1997), appear to contradict this idea. In the UK, New Deal Personal Advisers suggested that jobseekers that were sanctioned with a 26-week benefit suspension increased their job-search efforts (Saunders, Stone and Candy 2001, p. 41).

The evidence on the relation between the harshness of the sanctions and their employment effectiveness is also unclear. Interviews with New Deal Personal Advisers in the UK suggest that 26-week sanctions seem to be more effective at conditioning recipients' behaviour than 2 or 4-week sanctions (Saunders, Stone and Candy 2001, p. 50). In the US,

on the other hand, there is evidence that full-family sanctions are no more effective than moderate sanctions (Kaplan 1999, p. 6-7).

As for time limits, some US-based evidence seems to suggest the presence of an increase in transitions to employment just before the predicted imposition of time-limits. However, the existing data do not differentiate the impact of time-limits from other policy-variables, such as earned income disregards or mandatory employment services. Furthermore, the employment-effect of those programmes was no larger than that of programmes without time-limits (Bloom and Michalopoulos 2001, p. 38-9). In the UK, Blundell suggests that part of the success of New Deal programmes is related to the introduction of time-limits to JSA entitlement (2001, p. 18). However, again, it is difficult separate its effect from that of other policy-variables, such as mandatory job-search assistance or benefit sanctions.

The evidence on the impact of time-limits on recipients' subsequent behaviour is also problematic. Follow-up studies show that once time-limits were enforced on unemployed recipients, they then found a job. However, there is no way to determine if the same would have happened without the enforcement of time-limits. In fact, the studies that compare the recipients' situation, before and after the imposition of time-limits, do not support the idea that they are effective at making people go back to work (Bloom and Michalopoulos 2001, p. 41).

The literature on unemployment traps can be traced back to Mortensen's (1977) study on the impact of unemployment benefits on individual job-search behaviour. In short, the notion of unemployment trap illustrates a situation where the difference between the disposable income from benefit and the expected income from work (the net replacement rate) is so high that there is no incentive for individuals to look for work (see Carone and Salomaki 2001, p. 22-5). However, as Holmlund points out (1998, p. 5), the empirical evidence does not provide positive support to that assumption. On a study of job-search behaviour in Sweden, Harkman *et al.* (1997) found that a reduction in net replacement rates, from 80% to 90% in 1983, increased transitions from unemployment to employment. Jones (1996), on the other hand, found that a reduction of replacement rates in Canada (from 60% to 57%) produced an increase in unemployment spells.

As for the effectiveness of insertion contracts, a study carried out by Laurent Fraisse in France showed that they seem to improve the probability of participating in CES, a subsidised-jobs programme. However, this does not seem to enhance the chances of finding an unsubsidised full-time job. According to the author, insertion contracts failed to improve the employment prospects of less qualified recipients. This is due to the fact that social workers tend to privilege more employable individuals, namely graduates between 25 and 39, in the implementation of insertion contracts (Fraisse 2002, p. 18).

4.1.2.3. Human capital development and labour-market attachment strategies and the employment effectiveness of GMI Schemes

As the previous sections show, most of the literature on the employment effectiveness of GMI schemes as focussed on the independent effect of the incentives used to activate recipients. The exception lays in the literature on the comparative effectiveness of ‘human capital development’ and ‘labour-market attachment’ approaches (see section 2.2.2.1.). Bloom and Michalopoulos argue that while labour-market attachment oriented programmes have higher effectiveness rates in the first year, this diminished over the next two years, as persons had problems in retaining their jobs. In contrast, the employment-effects of human capital development oriented schemes grew over time. So much that, after a 3 year period, the employment effects of job-search-first and education-first were equivalent (Bloom and Michalopoulos 2001, p. 10-16)¹⁰⁹. Despite its relevance, this study fails to explain how the differences in the policy-mix offered to GMI beneficiaires conditions the effectiveness of those schemes.

4.1.3. EVALUATION OF THE EXISTING LITERATURE

The purpose of this section has been to discuss the strengths and weaknesses of the existing literature and to demonstrate how these can be taken into account in the study of

¹⁰⁹ Bloom and Michalopoulos’ study also shows that one-size-fits-all approaches (especially, job-search first) are not necessarily more effective. The available evidence also shows that the effectiveness of the schemes depends not only on the availability of differentiated services, but also on a clear transmission of the programmes objectives, a careful monitoring of recipients’ activities and adequate funding of parallel support services (namely, childcare) (2001, p. 10-16).

the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development. As far as the measurement of the employment effectiveness of GMI schemes is concerned, the literature review suggests that, given the comparability problems of existing country-based evaluations, the European Community Household Panel (ECHP) may provide a valuable source of comparable data on the effectiveness of GMI schemes. However, as the study by Nicaise *et al.* (2003) illustrates, in order to provide a more precise assessment of the employment effectiveness of GMI schemes, it is necessary to adjust ECHP data on individual transitions from benefit to work as to take into account variations in labour market conditions.

As for the impact of the rights and obligations ascribed to recipients on the employment effectiveness of GMI schemes, the review reveals that apart from the literature on the impact of ALM programmes¹¹⁰, the comparative evidence is scarce. In particular, there is a significant gap in European-based literature on the impact of sanctions and time-limits. Even where the literature deals with the factors that affect the employment effectiveness of GMI schemes, it fails to provide conclusive evidence. If anything, the existing evidence points to the positive impact of earnings-supplements and tax-credits. Furthermore, it suggests that although more restrictive schemes can be more effective in the short-run, human capital development-oriented schemes tend to be as effective in the long run.

Finally, as the literature on the impact of work-requirements and time-limits demonstrates, the literature fails to recognise that the employment effectiveness of GMI schemes depends on the interaction between different policy-instruments. This suggests that a study on the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development must adopt a methodological framework that recognises both the independent impact of various policy-instruments, and the interaction between them.

¹¹⁰ However, as mentioned earlier, this literature does not focus on GMI recipients *per se*, but on long-term unemployed.

4.2. METHODOLOGICAL FRAMEWORK

This section describes the methodology that will be used to analyse the relation between respect of the Right to Personal Development and the employment effectiveness of GMI schemes in EU member countries. The first stage will consist in the specification of the research question that will guide the empirical analysis. The following sections will discuss the methodological bases for this comparative study and describe the selection of cases for comparative analysis. The remaining sections will discuss the operationalisation of the research question. This will involve the creation of an Index of respect for the Right to Personal Development, the definition of a strategy to measure the employment effectiveness of GMI schemes using ECHP data, and the presentation of a technique to adjust the effectiveness of GMI schemes to labour market conditions.

4.2.1. RESEARCH QUESTION AND RESEARCH HYPOTHESIS

As mentioned earlier, the second part of this thesis will analyse the degree to which the respect for the Right to Personal Development conditions the employment effectiveness of GMI schemes. Bearing in mind what was said about the need to adjust data on the employment effectiveness of GMI schemes to take account of labour market conditions, the research question that will guide this empirical study will be defined in the following terms:

How does the employment effectiveness of GMI schemes, once labour market conditions are accounted for, vary by reference of their respect of the Right to Personal Development?

As the previous sections show, the existing literature fails to provide any conclusive evidence as to how the rights and obligations ascribed to recipients condition the employment effectiveness of GMI schemes. This thesis will advance the argument that the Right to Personal Development, as it combines positive (namely opportunities to exploit one's talents) and negative incentives (namely, an obligation to exploit one's talents) to recipients, can have a positive impact on the schemes' employment effectiveness. Hence, this thesis will test the hypothesis that:

GMI schemes that show more respect for the Right to Personal Development, once labour market conditions are accounted for, are more effective at returning recipients to the labour market.

4.2.2. METHODOLOGICAL APPROACH

The purpose of this section is to define the methodological approach that will guide the comparative study that will test this research hypothesis. Earlier, it was pointed that existing studies fail to acknowledge that the effectiveness of GMI schemes depends on both the independent impact of various policy-instruments and the interaction between them. In recent years, Charles Ragin has developed two tools that are aimed at capturing the complex patterns of causation in social phenomena: QCA and Fuzzy-Set Analysis.

QCA makes use of Boolean Algebra to analyse how a given outcome is produced by the presence or absence of certain conditions. Each case is seen as a combination of different causal conditions, which are understood in relation to one another and as constituting a particular configuration (Ragin 1987, p. 52, 92-3). Both the dependent and the independent variables are represented using a binary nominal scale, where 1 means the presence of a certain condition, and 0 means its absence. The various combinations are then subjected to a Boolean minimisation procedure that allows the researcher to identify different explanatory combinations (Ragin 1987, p. 86-9).

Fuzzy-Set Analysis emerges as a response to some of the criticisms made to QCA (see section 4.2.2.2.). First, because it provides a more flexible way to measure social phenomena. Fuzzy-sets measure set membership in a scale from 0 to 1. Here, 1 represents full membership, whilst 0.8 indicates strong, but partial membership. Values below 0.5 show that the case is more out than in the set, and 0 represents full non-membership. Furthermore, fuzzy-set can be organised in verbal labels that identify qualitative differences between the cases¹¹¹ (Ragin 2000, p. 160). Second, because, as it involves the

¹¹¹ For example, if a case scores 1, this means that it is fully in the set under analysis. If a case scores between 0.5 and 1 in a given set, one can say that the case is more in than out, and so forward (Ragin 2000, p. 160).

use of probabilistic rather than Boolean procedures, it provides a less deterministic mode of identifying patterns of social causation¹¹².

Despite the higher flexibility offered by Fuzzy-Set Analysis, its probabilistic nature reduces its applicability in those situations where there is a small number of cases¹¹³, as it is the case here. In light of this, one can argue that QCA, given its ability to capture both the independent impact of various policy-instruments and the interaction between them, provides a good methodological basis for this comparative study.

However, QCA is not without its problems. Hence, the following sections will propose a more comprehensive methodological framework that making use of heuristic potential, is also able to overcome its main limitations. Section 4.2.2.1. describes the epistemological foundations of QCA. Section 4.2.2.2., bearing in mind the most relevant criticisms to QCA, will then argue that the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development can be better analysed by combining QCA with correlational tools and cluster analysis.

4.2.2.1. Epistemological Foundations of QCA

As mentioned earlier, the main advantage with QCA lies in its ability to capture both the independent impact of different variables and the interaction between them. In contrast with traditional quantitative methods¹¹⁴, QCA assumes social causation is both conjunctural and multiple (Ragin 1987, p.25). Conjunctural, in the sense that it assumes that

¹¹² For instance, a causal condition/combination is considered necessary, but not sufficient, if its membership pattern is consistently higher (65%, using a 0.05 significance level) than the membership to the outcome set (Ragin 2000: 218, 226-29). The assessment of sufficiency is exact inverse of the necessity test. This means that the membership scores in the cause are consistently less than or equal (65%, using a 0.05 significance level) to the membership scores in the outcome (Ragin 2000: 230-34).

¹¹³ In the same way that QCA has been hailed as better equipped to deal with a small number of cases than traditional quantitative methods (see Swyngedouw 2004, p.162 and Rihoux and Ragin 2004, p. 2, 7), then the same would apply, given its probabilistic nature, to Fuzzy-Set Analysis.

¹¹⁴ According to the author (Ragin 1987, p. 55-61), the validity of quantitative studies is dependent on two hidden simplifying assumptions. Firstly, it is assumed that, given their structural character, social phenomena tend to change very slowly. This diminishes the role of time in the analysis of causal processes. Hence, if one studies a given phenomenon at a particular moment in time, one can still derive general statements about that phenomenon. Secondly, variables are seen as independent of each other, and that it is possible to determine the effect of an independent variable on a dependent variable, regardless of the values of the other variables - additive model of causation. This allows the researcher not only to determine causal relations that are independent of their context, but also, to extrapolate general statements to non-observed cases (Ragin 1987, p. 58-61).

a given outcome results from the combination of a set of causal conditions. Whereas traditional quantitative methods tend to analyse the independent effect of variables on the final outcome, here the researcher is asked to look at the interaction between a set of conditions in a particular time and space. Hence, causation is explained by the presence or absence of certain causal conditions, rather than by variations in the values of the explanatory variable.

Multiple in the sense that, in contrast with traditional quantitative methods, where causation is seen as the result of the sum of the independent effects of a set of variables (additive model of causation), QCA recognises that an outcome can result from different causal combinations (1987, p. 25). Here causation is described in terms of necessity (as in, when a cause is always present when an outcome occurs) and sufficiency (as in, when a cause can produce the outcome by itself). In order to capture the variety of causal processes, the researcher will look at the various combinations of necessary and sufficient causes:

- When there is only one explanatory condition to the outcome, then the cause is both sufficient and necessary;
- When a cause is present in all combinations, but cannot produce the outcome by itself, this is a necessary, but not sufficient causal condition;
- When various causes can produce the outcome by themselves, these will be sufficient, but not necessary causes;
- When a cause only appears in a subset of combinations that produce the outcome, then this cause is neither necessary nor sufficient.

The latter category is the one that best expresses the combinatorial nature of Ragin's QCA, in the sense that it demonstrates that a given outcome results from the combination of various causal conditions.

By using the properties of Boolean algebra, QCA is able to reduce the complexity of social reality and to produce parsimonious explanatory statements. This nonetheless requires a reciprocal relation between theory and evidence. This starts with the selection of both positive and negative cases. As the researcher gains more knowledge on the cases under analysis, he/she might decide to exclude some cases (or include new ones); or,

alternatively, to refine the theoretical framework that sustains the research question (Ragin 1987, p. 42-44, 52, 113-18).

4.2.2.2. In search for a more comprehensive methodological framework

As mentioned earlier, QCA is not without its problems. Most of the criticisms directed at QCA reflect the deterministic nature of the model of causation that underpins Ragin's method. QCA can only function under the assumption that social reality can be classified in terms of clear-cut dichotomies, that there are no random effects, and that all relevant variables have been identified (see Bennett 1999, p. 18-9). For instance, one of the basic criticisms to Ragin's method is that the use of crisp dichotomies to analyse social reality, besides disregarding the possibility of measurement errors, involves a significant loss of information and amounts to an over-simplification, which of course limits the analytical potential of QCA (Kangas 1994, p. 361).

Another problem concerns the instability of the results produced by QCA. Given its logical nature, a simple alteration in the value of one of the causal conditions can completely change the results of the analysis (see Bennett 1999, p. 18-9 and Kangas 1994, p. 361). This instability is reinforced by the fact that QCA is dependent on the selection of cases, i.e. when applied to different cases it might produce different results (Swyngedouw 2004, p. 162). This, of course, limits the ability of QCA to produce general explanatory statements.

A further problem is that, when compared with traditional quantitative methods, QCA limits the researcher's ability to identify the relative importance of explanatory variables. This might lead to an over-exaggeration of the importance of less relevant variables (or configurations), or even producing spurious causation phenomena (see Nelson 2004, p. 114 and Kangas 1994, p. 361). Finally, as Janosky and Hicks argue, QCA discards too easily the value of additive models of causation (1994, p. 17). According to the authors, the identification of patterns of association (as in the case of QCA) does not necessarily have more explanatory potential than the identification of patterns of variation.

Although one cannot disregard these criticisms, some of them might have been somewhat exaggerated. For instance, binary sets can be made more flexible, in order to incorporate both qualitative and quantitative differences. In fact, the researcher can test how different cross-over points impact in the analysis of causal relations, hence reducing the possibility of loss of information. The same applies to the charge on the volatility of the results produced by QCA. The likelihood of measurement errors can be reduced through an effective manipulation and understanding of the cases under analysis and of the foregoing theoretical framework. One can also argue that the focus on combinations, rather than on variables, limits the dependency on the selection of cases. Moreover, in cases where QCA is applied to a highly circumscribed population, such as EU member countries, the issue of generalisation is not essential.

If the problems of loss of information and the volatility of the results produced by QCA can be, if not eliminated, considerably reduced, the same cannot be said about the QCA's limitations in measuring the relative importance of explanatory variables, and its vulnerability to spuriousness charges. Here it will be argued that these difficulties can be overcome by combining QCA with traditional quantitative methods¹¹⁵. As Ragin himself admits (see 1987, p. x-xi), there are advantages to this. As they are based on an additive model of causation, traditional quantitative methods are able to identify patterns of co-variation that Boolean algebra cannot capture. This, in turn, will capture the relative importance of explanatory variables in explaining a given outcome. Furthermore, as they depart from a probabilistic approach, traditional quantitative methods will reduce the impact of measurement errors on the results produced by QCA.

In light of this, the analysis of the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development, will be based on a methodological framework that combines the heuristic potential of QCA traditional correlational tools and cluster analysis. QCA is expected to identify the different arrangements in the activation of GMI recipients and analyse how these can impact on the schemes' employment effectiveness. Traditional correlational tools will enable a more sensitive analysis of the relative impact of explanatory variables, which goes beyond the ability to identify patterns of necessity/sufficiency offered by QCA. Cluster analysis, as it

¹¹⁵ A good example of the added value of combining QCA with traditional quantitative methods can be found in Kangas' study of welfare state expansion in OECD countries (see 1994).

based on an additive model of causation, offers an alternative way of identifying the different arrangements in the activation of GMI recipients and analysing how these can impact on the schemes' employment effectiveness.

4.2.3. SELECTION OF CASES

Having defined the methodological basis for the comparative study of the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development, the purpose of this section is to present and discuss the criteria that will guide the selection of cases that will be included in the empirical analysis. Here the unit of analysis are GMI schemes in European countries. Here GMI schemes are defined as schemes that provide a financial safety-net for unemployed individuals whose personal/household income is below the national social minimum. These schemes should then respect the following criteria:

- The scheme should be means-tested;
- Amongst others, the scheme should provide a safety-net for unemployed individuals, i.e., jobless persons that are able/available for work;
- The scheme should be subsidiary to other forms of protection (except in the case of family benefits);
- The scheme should not apply any previous contribution requirements.

One should highlight how the definition of case here reflects some of the fundamental assumptions underlying QCA. Here, each case (i.e. each GMI scheme) reflects a specific policy-configuration in a particular social and historical context. This has two immediate implications. Firstly, this means that the same scheme can be analysed in different moments in time, as long there are internal (ex: changes in GMI legislation or activation framework) or external factors (ex: variations in labour market conditions) that justify it. Second, this also means that the unit of analysis cannot be confused with the scheme's country of reference.

The selection of cases for empirical analysis was conditioned by a number of factors. Firstly, with the purpose of taking full advantage of the heuristic potential of QCA, it was

decided to increase (as much as possible) the number of policy-configurations for analysis. In order to achieve this, it was decided to create new cases for those schemes where there were relevant changes in the regulating legislation or the recipients' activation framework (see Table 7). The purpose here is not to evaluate if the changes in the legislation had an impact on the scheme's employment effectiveness, but solely to allow for maximum causal complexity (see Ragin 1987, p. 105).

The selection of cases was limited by the availability of data for the measurement of the schemes' respect for the Right to Personal Development. This limited the selection of cases to the policy-configurations in effect between 1997 and 1999¹¹⁶, and where the information regulatory framework for the implementation of GMI schemes is comparable¹¹⁷. In addition, given the limitations posed by ECHP data on the measurement of the employment effectiveness of GMI schemes (see section 4.2.4.2.), this comparative study will only include cases for which there is reliable information on the schemes' employment effectiveness¹¹⁸.

Finally, the selection of cases had to take into account the fact that, since 1996, the provision of a minimum income guarantee for unemployed individuals in the United Kingdom is done through the Jobseeker's Allowance (JSA)¹¹⁹, which is not the typical GMI scheme. This benefit is composed of a contributions-based component, which consists of a flat-rate payment, payable for 182 days, targeted at all unemployed persons who have the necessary national insurance contributions; and of an income-based component, which is a differential benefit for those individuals who do not have the necessary National Insurance Contributions or have exhausted their entitlement to the contribution-based component of JSA (Ditch and Roberts 2000, p. 20). In light of the

¹¹⁶ This study will make use of the spurt of comparative evidence that emerged in the final part of the 1990's and which provides valuable information for the period between 1997 and 1999.

¹¹⁷ More specifically, this led to the exclusion of the regional GMI schemes in Spain (Rentas Minimas) (see Heikkila 2001, p. 17); the Reddito Minimo d'Inserimento in Italy, where the activation of GMI recipients varies from locality to locality (see Heikkila 2001, p. 17); and the Minimex in Belgium, where there is significant variation in the activation of GMI recipients between the various regions (OECD 1998, p. 119).

¹¹⁸ This meant the exclusion of all the cases for which there was no reliable data, i.e. sample size is less than 20 (see note 127, p. 88). This implied the exclusion of Socialbidrag in Sweden. Second, in the case of the Irish Supplementary Welfare Allowance, the Revenu Minimum d'Insertion in France or the Rendimento Minimo Garantido in Portugal, this led to focus on the policy configuration in force in 1998, rather than more recent policy-configurations. Finally, in the case of Social Bistand in Denmark, although the changes in the legislation occurred in 1998, as there was no reliable data for 1999, it was decided to focus on the policy-configuration in 1998.

¹¹⁹ Income support, on the other hand, provides income protection for jobless individuals who are not entitled to JSA, i.e. that are not able/available for work (see Ditch and Roberts 2000, p. 17-21).

definition advanced earlier, this thesis will focus on the income-based component of JSA as the representative case of GMI in the UK¹²⁰.

Bearing in mind the previous paragraphs, the comparative study of the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development will cover the following cases:

Table 7 - List of cases for empirical analysis

<i>Country</i>	<i>GMI scheme</i>	<i>Year</i>	<i>Case</i>
Denmark	Social Bistand (Social Assistance)	1997	Dk - SB97
		1998	Dk - SB98 ¹²¹
Finland	Toimeentulotuki (Social Assistance)	1997	Fin - TTK97
		1999	Fin - TTK99 ¹²²
France	Revenu Minimum d'Insertion	1998	Fr - RMI98
Germany	Sozialhilfe ¹²³	1997	De - BSHG97
		1999	De - BSHG99 ¹²⁴
Ireland	Supplementary Welfare Allowance	1998	SWA98
Netherlands	Algemene Bijstand	1997	AB97
		1999	AB99 ¹²⁵
Portugal	Rendimento Mínimo Garantido	1998	RMG98
United Kingdom	JSA (non-contributory)	1997	JSA97
		1999	JSA99 ¹²⁶

¹²⁰ This poses obvious comparability problems. Due to the eligibility criteria for the entitlement to income-based JSA, namely in the case of individuals who were previously receiving the contributions-based JSA, this scheme will have a higher percentage of more employable GMI recipients than traditional GMI schemes.

¹²¹ This second case is justified by the changes in the provision of social assistance introduced by the Act on Active Social Policy in 1998 (Rosdahl and Weise 2000, p. 171).

¹²² This second case is justified by the changes introduced by the new Social Assistance Act of 1998 and the Employment Action Plan of 1998, which introduced a number of new ALMP (Heikkilä and Keskitalo 1999, p. 9; Heikkilä and Keskitalo 2000, p. 31).

¹²³ The Sozialhilfe constitutes the safety-net for individuals in need. This scheme involves two distinct benefits, p. the HLU (subsistence assistance) and the HBL (assistance in special situations) (Hanesh and Baltzer 2001, p. 16-7). This thesis will only discuss the HLU component of social assistance.

¹²⁴ This second case is justified by the activation framework of GMI recipients. Up until 1998 the framework of activation programmes for these individuals was defined in the Employment Promotion Act (AFG). From 1998 onwards, the AFG is replaced by the Social Code, in particular its 3rd volume (SGBIII) (Hanesh and Baltzer 2001, p. 22-35 and Evans 2001, p. 16).

¹²⁵ This second case is justified by the changes in the activation framework of GMI recipients, namely the introduction of the Jobseeker's Employment Act in January 1998 (see Spies and van Berkel 2000, p. 118).

¹²⁶ This second case is justified by the changes in the activation framework of GMI recipients, namely the introduction of the New Deal for Young People in April 1998 and the New Deal for Long-Term Unemployed pilot schemes initiated in June 1998 (see Ditch and Roberts 2000, p. 32-3).

4.2.4. OPERATIONALISATION

The purpose of this section is to identify the indicators that will operationalise the research question posed earlier. The section starts by presenting the indicators that will measure the schemes' respect for the Right to Personal Development. This is followed by a description of the strategy used to measure the employment effectiveness of GMI schemes. The final stage of this section will describe the technique used to adapt the scheme's employment effectiveness to the existing labour market conditions.

4.2.4.1. Index of respect for the Right to Personal Development

This section will describe the construction of an Index of respect of the Right to Personal Development. The section starts by identifying the indicators that will measure the schemes' respect for the Right to Personal Development. Subsequently, it discusses how the various indicators will be combined in order to produce an overall Index of respect of the Right to Personal Development.

As seen earlier, the Right to Personal Development can be defined in the following terms:

Every individual has a right to exploit its talents, which can be exercised whilst performing a social function in society, such as paid employment, performing unpaid work in social economy organisations or providing care to dependent family members; or improving their human capital through education or training. In order to secure this right, social actors and institutions must:

- meet the individual's basic consumption needs
- eliminate direct and indirect constraints to the individual's choices on the best way to exploit its talents
- provide the individual with opportunities to exploit its talents
- enforce, through the use of restitutive sanctions, the individual's obligation to exploit its talents as to enable the personal development of others.

The selection of the indicators that will measure the schemes' respect for the Right to Personal Development will follow three criteria. First, and most obvious, the indicators

must reflect the fundamental dimensions of the normative framework under analysis. Second, so that they can be used in the analysis of the relation between the schemes' employment effectiveness and their respect for the Right to Personal Development, the indicators must refer to policy-instruments used in the activation of GMI. Thirdly, as to produce parsimonious explanations, and reduce the possibility of spuriousness, the selection of process should focus on indicators that are shown to have a relevant impact on the schemes' employment effectiveness.

With these criteria in mind, one can now turn to the selection of the indicators that will measure the degree to which schemes' satisfy the recipients' basic consumption needs¹²⁷. Bearing in mind the literature on unemployment traps, this will be measured in terms of the households' 'total net disposable family income' (TNDFI) as a share of the poverty line¹²⁸.

Reflecting on the literature on activation (see Trickey 2000, p. 268-74), one can identify two situations where individuals' face direct constraints on their ability to choose the best way to exploit their talents. One area, concerns on their freedom to choose other activities instead of paid employment as a form of exploiting their talents. This can be measured in terms of the possibility of participating in education and training; or performing voluntary work in social economy organisations; or providing care to children or dependent adult relatives. The other area concerns the individuals' freedom to choose the job that they consider to be the best option to exercise their talents. Bearing in mind the existing literature (see Bloom and Michalopolous 2001, p. 14 or Standing 2000, p. 20), this will be measured in terms of the possibility for recipients to refuse a job that does not match their previous occupation, or their level of qualification¹²⁹.

¹²⁷ As the previous chapter shows, the satisfaction of the individual's basic consumption needs also involves access to healthcare or housing. However, in order to produce more parsimonious explanations, and given the relevance of unemployment traps on the literature on the employment effectiveness of GMI schemes, it was decided to focus solely on the difference between the recipients' TNDFI and the poverty line.

¹²⁸ In order to improve the comparability between the different cases, it was decided to calculate the TNDFI as a percentage of the poverty line for four different households, and then to derive an average value. The household's TNDFI is the product of the sum of the value of the GMI benefit and Family Allowances, subtracted by the amount of benefit subject to taxation (where applicable). The poverty line here is set at the 60% of the median equivalised income (Eurostat 2003, p. 3). For further details see Annex 1.

¹²⁹ In some countries, such as the UK (see Ditch and Roberts 2000, p. 22), recipients can refuse a job on the grounds that it pays less than their previous job. However, the right to choose the best way to exploit one's talents refers to the type of jobs one can perform, not the rate of pay one can get. As a consequence, it was decided to exclude this type of condition from this study.

Besides these direct constraints, one can argue that the individuals' freedom to choose the best way to exploit their talents is indirectly constrained by level of discretion built-in the structures that secure the implementation of minimum income schemes^{130, 131}. Ideally, this should be measured by the level of discretion enjoyed by social workers. However, given the impossibility of finding comparable evidence on this topic¹³², one can instead derive the level of discretion from the level of decentralization of the structures that secure the implementation of minimum income schemes¹³³. Bearing in mind the existing literature (see Trickey 2000, p. 266), this can be measured in terms of the division of funding responsibilities between central and regional/local authorities; and the decentralization of benefit administration, i.e. decisions concerning the bestowal, or termination, of benefit.

As discussed earlier, an individual's opportunity to exploit its talents depend on both the opportunities available in society, or the market, and on the government's effort to create additional opportunities to cover for market/societal insufficiencies¹³⁴. However, in line with the normative framework developed earlier¹³⁵, the measurement of the opportunity to exploit one's talents here will focus the latter aspect. Bearing in mind that the opportunity to provide family care, or perform voluntary work in social economy does not depend of government intervention, the focus here will be on the governments' effort to create

¹³⁰ The individuals' freedom to exploit their talents is also conditioned by other institutional variables, such as the level of participation of recipients in the decision-making bodies that secure the implementation of minimum income schemes, or the guarantee of a right of appeal from administrative decisions. However, in order to guarantee the production of parsimonious explanations, the decision here was to focus solely on the issue of discretion.

¹³¹ In contrast with those, such as Titmuss (1971), who argue that obedience to rigid rules and procedures ignores the intensity of different needs of individuals, this thesis will side with those, such as Davies (1971), who see discretion as increasing the level of arbitrariness, inequality and dependency in the relation between recipients and social workers (see Adler and Asquith 1981, p. 11).

¹³² Although there is some comparative evidence on this topic (see Trickey 2000, p. 276-8), this does not cover all the cases that will be under analysis.

¹³³ Trickey, whilst analysing the level of discretion of social workers in the application of sanctions and in the negotiation of placements to social assistance recipients, pointed to a correlation between the level of decentralisation and the level of discretion given to social workers. Hence, more decentralised schemes, such as Norway and Germany, tend to be more discretionary. On the other hand, more centralised schemes, such as the UK and the Netherlands, allow for less discretion. (2000, p. 265-6, 276). Bonny and Bosco, in their study of the application of eligibility regulations, came to a similar conclusion. The authors concluded that right-based schemes (such as in Helsingborg or Gothenburg) are closer to the bureaucratic regulation model, whereas schemes where recipients' rights are less institutionalised (such as Porto or Cosenza), tend to allow for more discretion (Bonny and Bosco *et al.* 2002, p. 87-88).

¹³⁴ This distinction is particularly relevant in what concerns the individuals' opportunities to work. This of course depends on the vacancies available on the labour market, or on the governments effort to create jobs in the public sector or to finance job creation in the market and social economy sectors.

¹³⁵ See discussion on Durkheim's difficulties with the idea of equality of opportunity and how these are dealt in the normative framework (see section 3.2.1., 3.2.2. and 3.2.3.).

additional opportunities to work and to participate in education/training courses¹³⁶. This will be measured by the level of public expenditure in active labour market programmes as a percentage of GDP¹³⁷.

Bearing in mind the typology used by the EUROSTAT's Labour Market Policy database¹³⁸, the additional opportunities to work will therefore be measured by the level of public expenditure on:

- 'Direct job creation' programmes, i.e. programmes that create additional jobs for long-term unemployed or other hard to employ publics, and where the majority of labour costs are covered by public finances;
- 'Employment incentives', i.e. programmes that facilitate the recruitment of unemployed or target groups, and where the majority of labour costs are covered by the employer. This can include both recruitment incentives and employment maintenance incentives;
- 'Start-up incentives', i.e. programmes that help unemployed persons to create their own business or become self-employed. Assistance may take the form of loans, bursaries, provision of facilities, or advice and training in business management;
- 'Job rotation' and 'Job sharing' programmes, i.e. programmes that facilitate the creation of jobs for unemployed persons, or by replacing an employed person for a

¹³⁶ Here one should again recall that the additional opportunities to work and to participate in education/training fulfil a double role. On the one side, they express a social obligation to provide individuals with an opportunity to exploit their talents. On the other side, they can be seen as an incentive to help individuals back to the labour market. This latter aspect is of special importance, as it raises the issue of the quality of the opportunities/incentives given to the individuals. This obviously puts the question about, given the doubts about the effectiveness of ALMP (see section 4.1.2. and 4.1.3.), these programmes constitute a real opportunity to exploit one's talents. Here one can argue that these programmes, besides providing an additional opportunity for individuals to exploit their talents, have employability and distributive effects (see section 4.1.2.1.) which makes them a valuable alternative for individuals.

¹³⁷ Ideally, this indicator would be based on the (Purchasing Power Parities adjusted) level of expenditure per GMI recipients. However, as there is no information on expenditure targeted at GMI recipients, nor on the number of GMI recipients participating in ALM programmes, this option had to be abandoned. A second alternative, based on the ratio between the level of public expenditure on passive and active unemployment policies, was considered. However, as this indicator is more focussed on the effort to activate individuals on unemployment benefits (rather than on GMI recipients), it was decided to abandon this option.

¹³⁸ The measurement of the individuals' opportunity to work, or to participate in education/training, will obviously depend on the available comparative data on public expenditure in various ALMP. Two options were considered: the OECD Labour Market Statistics database and the EUROSTAT Labour Market Policy database (1998-2002). Both databases present comparability problems. The EUROSTAT Labour Market Policy database does not provide information on expenditure on intensive counselling and job-search assistance. Furthermore, the database does not provide data for the year 1997. The OECD database, on the other hand, as it includes a category which focuses on the level of expenditure on ALMP for young unemployed, does not allow for a full comparison of expenditure in ALM programmes in the cases under analysis. In light of this, it was decided to use the EUROSTAT Labour Market Policy Database (1998-2002).

fixed period (job rotation), either by partially substituting an employed person for a limited number of working hours (job sharing) (EUROSTAT 2000, p. 9-11).

The opportunity to participate in education/training¹³⁹ will be measured by the level of public expenditure in:

- 'Training' programmes, i.e. publicly funded programmes that involved some kind of formalised instruction and are aimed at improving the employability of unemployed individuals (and other groups);
- 'Special support for apprenticeships', i.e. incentives for employers to recruit apprentices, or any form of training/apprenticeship allowance for disadvantaged groups (EUROSTAT 2000, p. 8-9).

Besides measuring the individuals' freedom and opportunities to exploit their talents, one needs to examine how schemes enforce their personal obligations. As most of the schemes for which there is comparative evidence already impose some kind of activation requirement on recipients, the focus here will be on the restitutive/repressive character of the sanctions regime. As seen earlier, repressive sanctions are aimed at punishing individuals for a particular crime, whilst restitutive sanctions are intended to restore the normal relationship between the parts (Durkheim 1984, p. 29).

Bearing in mind the existing literature (see Trickey 2000, p. 277 or Saunders, Stone and Candy 2001, p. 50), one can argue that the restitutive character of the sanction regime can be measured through three indicators: the possibility of cancellation of the entitlement on GMI protection in case of infringement, the maximum penalty in the case of a first infringement, and the use of progressive sanctions¹⁴⁰. Here, it will be argued that the schemes where the enforcement of sanctions does not lead to the cancellation of the entitlement to GMI protection, that impose moderate penalties in the case of a first infringement, and that use progressive sanctions tend to emphasise the restitutive character

¹³⁹ Unfortunately, there are no specific data for the measurement of the individuals' opportunities to participate in education courses. One option would be to look at the level of expenditure on Institutional Training, which refers to programmes where more than 75% of training time is spent in a training institution, such as schools/colleges or training centres (EUROSTAT 2000, p. 8-9). Yet, the NEW CRONOS database does not provide information on this sub-category. In light of this, I was decided to use the expenditure on Training and Special Support for Apprenticeships as proxy indicators of the opportunities of Guaranteed Minimum Income recipients to engage in education.

¹⁴⁰ One could add other indicators such as use of family sanctions, or the curtailment of future entitlement rights. However, as seen earlier (see section 1.2.2.), these are marginal elements in the activation of GMI recipients in European countries. Hence, it was decided to exclude them from this analysis.

of sanctions. In contrast, schemes where the enforcement of sanctions may involve the cancellation of the entitlement to GMI protection, that impose harsher penalties in the case of a first infringement, and that do not use progressive sanctions tend to emphasise the repressive character of sanctions.

Table 8 - Index of respect for the Right of Personal Development

<i>Dimensions</i>	<i>Sub-Dimensions</i>	<i>Weight</i>	<i>Indicators</i>
Satisfaction of Basic Consumption Needs	Satisfaction of Income Needs	0.4	Disposable income as a percentage of the poverty line
Freedom to Exploit One's Talents	Freedom to Choose Other Activities Instead of Paid Employment	0.05	Freedom to participate in education Freedom to participate in training Freedom to provide childcare Freedom to provide other family care Freedom to perform unpaid work in social economy organisations
	Freedom to Choose Type of Job	0.05	Level of qualification as a justifiable excuse to refuse a job Previous job as a justifiable excuse to refuse a job
	Freedom from Discretion	0.05	Decentralization of funding responsibilities Decentralization of benefit administration
Opportunity to Exploit One's Talents	Additional Opportunities to Work	0.075	Expenditure in direct job creation as % of GDP Expenditure in employment incentives as % of GDP Expenditure in start-up incentives as % of GDP Expenditure in job rotation/job sharing as % of GDP
	Opportunity to Participate in Education & Training	0.075	Expenditure in training (excluding special support for apprenticeships) as % of GDP Expenditure in special support for apprenticeships as % of GDP
Obligation to Exploit One's Talents	Use of Restitutive Sanctions	0.3	Possibility of cancellation of the entitlement to GMI Maximum sanction for first infringement Use of progressive sanctions

Having identified the indicators that will measure the schemes' respect for the Right to Personal Development, the following table is to show how the various indicators will be combined in order to create an Index of respect of the Right of Personal Development. The ascription of weights will take in to consideration two fundamental criteria. First, the Index should acknowledge the importance of the satisfaction of the individuals' basic consumption needs as a basic condition for exercise of the freedoms, opportunities and obligations involved in the individuals' Right to Personal Development. Second, bearing in mind the requirement of balanced reciprocity that underlies this normative framework, the index should ascribe the same weight to the individuals' obligations as it does to the freedom and opportunity to exploit one's talents.

4.2.4.2. Measuring the Employment Effectiveness of GMI Schemes

Having chosen the indicators that will measure the schemes' respect for the Right to Personal Development, the two following sections will focus on the measurement of the schemes' employment effectiveness. This section will discuss the terms in which the ECHP can be used to measure the employment effectiveness of GMI schemes. The following section will propose a technique to adjust the data on individual transitions to work to labour market conditions.

The employment effectiveness of GMI schemes will be measured as the percentage of recipients who, one year after being on GMI, have made a transition to unsubsidised work¹⁴¹. As it provides comparable micro-data for EU15 member countries¹⁴², this thesis will use ECHP data to measure the schemes' employment effectiveness. However, as seen earlier (section 4.2.3.), the ECHP is not without problems. Given the subsidiary nature of GMI schemes in protection systems, and the attrition effects characteristic of panel data¹⁴³,

¹⁴¹ The exploratory phase of data analysis did consider the possibility of using a two year-lag. However, given that in the cases referring to 1997, the transitions from benefit to work would be measured in a different policy environment from that which is under analysis, this option was abandoned.

¹⁴² The European Community Household Panel (ECHP) is a survey based on a standardised questionnaire that involves annual interviewing of a representative panel of households and individuals in EU15 member states, between 1994 and 2001. The first wave, back in 1994, only included 12 Member States. Since then, Austria (1995) and Finland (1996) and Sweden (1997) have joined the project. See <http://forum.europa.eu.int/irc/dsis/echpanel/info/data/information.html>.

¹⁴³ Attrition refers to the loss of cases that occurs when respondents leave the panel or there are failures in the follow-up of cases (Ruspini 2002, p. 71). Given its cumulative nature, attrition grows as the number of panel waves increases. This is particularly notorious in waves 7 and 8 of ECHP.

the ECHP will produce only a small sample of GMI recipients for the cases under analysis. This will require the exclusion of cases that do not provide a reliable number of observations for analysis¹⁴⁴.

Besides the problems regarding the size of the sample, the ECHP does not provide information on the duration of unemployment episodes of jobless respondents, nor does it differentiate between individuals on unemployment insurance and those on unemployment assistance. Finally, as with any other large-scale survey, the ECHP presents some inconsistencies in the data concerning the individuals' availability for work¹⁴⁵.

Measuring the employment effectiveness of GMI schemes depends on a number of factors. First of all, this should focus only on GMI recipients that are able/available for work¹⁴⁶. This will require the combination of information on the respondents' source of income and their activity status. Second, it should focus only on individuals for whom GMI constitutes the main source of income. This implies the exclusion of all respondents who combine a GMI benefit with unemployment benefits. Thirdly, it needs to accommodate the specificity of British case, by developing a specific strategy for the measurement of the employment effectiveness of income-based JSA.

Given the need to combine information on the respondents' source of income and the activity status, it was necessary use a retrospective design for data collection (see Ruspini 2002, p. 3)¹⁴⁷. Hence, in order to select the sample of GMI recipients in T_0 , this thesis will

¹⁴⁴ Although there is no official information on the thresholds of reliability for ECHP data, this thesis will use those provided by EUROSTAT (see Lehmann and Wirtz 2004, p. 7). Hence, where the sample size is less than 20, then information is not considered reliable. Where the sample size is between 20-49, the data is considered to show low reliability. Where the sample size is more than 50 the information is considered reliable.

¹⁴⁵ For instance, there were 22 respondents who a year prior to the date of the interview were in training and education but, nonetheless, said they did not attend any course during the previous year. There were also 4 cases of respondents whose activity status a year from the time of interview was in education or training but that nonetheless said they did not attend any training/education course during the previous year. Finally, there was 1 case of a respondent who during the previous year attended some kind of education or training course, but for which there was no information on the type of course attended. Given their inconsistency, these cases were excluded from the empirical analysis.

¹⁴⁶ This thesis acknowledges that different countries/schemes have different understandings of availability for work and that, especially in the case of individuals heading single-parent families, this might create some comparability problems.

¹⁴⁷ As Ruspini points out (see 2002, 96-100), the reliability of retrospective data depends on the (often unconscious) factors that condition the individual's memory of facts. For instance, the quality of the data diminishes as the recall period becomes longer. Important events can be omitted in the interview (omission effect), or not remembered accurately (telescope effect). Finally, memorisation processes are always selective, i.e. the individual's interests, state of mind; and they are continuous, in the sense that individuals reinterpret events as life develops.

use information from the subsequent wave (T_1). Hence, the sample of GMI recipients will include individuals who:

- sometime during the previous year received social assistance¹⁴⁸;
- a year from the date of their interview were ‘unemployed’, or ‘working with an employer in paid apprenticeship (15+ hours / week)’, or ‘working with an employer in training under special schemes related to employment (15+ hours / week)’, or ‘in education and training’¹⁴⁹¹⁵⁰;
- have not received ‘unemployment related benefits’ throughout the previous year¹⁵¹.

In order to identify the recipients’ transitions to work, one needs to look at the person’s current activity status¹⁵². Here, all individuals whose current activity status falls in the following categories:

- working with an employer in paid employment (15+ hours / week);
- self-employment (15+ hours / week);
- unpaid work in a family enterprise (15+ hours / week);
- working less than 15 hours.

will be considered as having made the transition from GMI to ‘work’. Hence, the percentage of individuals whose current activity status falls in the ‘work’ category will constitute the indicator of the scheme’s employment effectiveness.

¹⁴⁸ This information was derived from variable PI137A, which measures the ‘assigned social assistance’, i.e., the individual’s share in the amount of social assistance received by the household in the previous year (see EUROSTAT 2002, p. 89 and EUROSTAT 2003, p. 327). Unfortunately, the ECHP does not present any information on the duration of the benefit episode. Hence, it is impossible to determine when the benefit episode started, or when it ended.

¹⁴⁹ In order to get this information it was necessary to create a new variable (LPE001) which identifies the activity status of the respondent in the previous wave.

¹⁵⁰ This implies the exclusion of all individuals doing housework, looking after children or other persons, in retirement, or economically inactive.

¹⁵¹ This information was derived from variable PI131, which measures the ‘unemployment related benefits’ received in the previous year (see EUROSTAT 2003, p. 318).

¹⁵² In order to get this information it was necessary to create a new variable (NPE001). This variable reclassified the current activity status of respondents into four categories:

- ‘Work’, as described above;
- ‘Education/Training/Job Creation’, for individuals whose current activity status is ‘in education or training’, ‘working with an employer in paid apprenticeship (15+ hours / week)’, ‘working with an employer in training under special schemes related to employment (15+ hours / week)’;
- ‘Unemployed’, for individuals whose current activity status is ‘unemployed’;
- ‘Other’, for individuals whose current activity status is ‘retired’, ‘doing housework, looking after children or other persons’, ‘in community or military service’, or ‘other economically inactive’ (see EUROSTAT 2003, p. 208).

The strategy for measurement of the employment effectiveness of the income-based JSA in the United Kingdom, is conditioned by the fact that the ECHP database does not differentiate between individuals receiving unemployment insurance and those receiving unemployment assistance. In order to overcome this restriction, it was decided to include information on the individuals' duration of the unemployment spell as a criterion to identify income-based JSA recipients¹⁵³. This made the strategy for the identification of income-based JSA recipients particularly complex, combining information from various waves (see notes 146, 147 and 149). In short, the sample of income-based JSA recipients will include individuals who:

- have received 'unemployment related benefits' during the current year¹⁵⁴;
- whose unemployment episode is at least 6 months long¹⁵⁵¹⁵⁶;
- and whose current activity status is unemployed, in training or education, in paid apprenticeship or in an employment scheme¹⁵⁷¹⁵⁸.

In contrast with the strategy adopted for the remaining cases, the transitions from benefit to work will be measured by looking at the respondent's activity status in the following year¹⁵⁹. As before, all individuals whose activity status falls in the following categories:

¹⁵³ One option considered was to look at the maximum value of the monthly unemployment assistance benefit. However, as the ECHP does not provide monthly-based information on personal income, this possibility was abandoned.

¹⁵⁴ In order to avoid excluding people currently receiving an income from an apprenticeship or an employment programme, it was decided to identify the receipt of 'unemployment related benefits' through the creation of a variable (FP1131), which provides information from the subsequent wave on the receipt of 'unemployment related benefits' during the previous year.

¹⁵⁵ In order to identify individuals who have been unemployed for at least 6 months, it was decided to use monthly-based information on the activity status of respondents in the previous year. Hence, the sample of income-based JSA recipients is restricted to all individuals who between June and December in the previous year (variables PC006 to PC010) were unemployed. Admittedly, this option will exclude persons whose unemployment episode is smaller than 6 months, particularly individuals with no work experience and no previous social insurance contributions, and individuals with some work experience, but with insufficient social insurance contributions.

¹⁵⁶ An alternative strategy to identify individuals who have been unemployed for at least 6 months, consists in the comparison of difference between the date of the interview (based on variables PG006 and PG007) and the date of the end of the individual's last job (based on variables PJ002 and PJ003). However, due to the prevalence of missing data in the variable concerning the date of the end of the last job, this option was abandoned.

¹⁵⁷ This information was derived from variable PE001, which identifies the respondent's current activity status (see EUROSTAT 2003, p. 208).

¹⁵⁸ As before, this implies the exclusion all individuals doing housework, looking after children or other persons; in retirement, or economically inactive.

¹⁵⁹ In order to get this information it was necessary to create a new variable (FNPE001). This variable reclassified the activity status of respondents in the following year in four categories:

- 'Work', as described above;
- 'Education/Training/Job Creation', for individuals whose current activity status is 'in education or training', 'working with an employer in paid apprenticeship (15+ hours / week)', 'working with an employer in training under special schemes related to employment (15+ hours / week)';

- working with an employer in paid employment (15+ hours / week);
- self-employment (15+ hours / week);
- unpaid work in a family enterprise (15+ hours / week);
- working less than 15 hours.

will be considered as having made the transition from GMI to ‘work’. Hence, the percentage of individuals whose activity status in the following year falls in the ‘work’ category will constitute the indicator of the scheme’s employment effectiveness.

4.2.4.3. Adjusting the Employment Effectiveness of GMI Schemes to Labour Market conditions

As section 4.1.1. shows, in order to compare the employment effectiveness of GMI schemes, one needs to take into consideration the existing labour market conditions and, in particular, their ability to create jobs for unemployed persons. Traditionally, the labour market literature has used the unemployment rate as a proxy of the ability of labour markets to absorb unemployed persons. However, as Schomann and Kruppe point out (1996, p. 33), traditional stock indicators fail to capture the dynamic processes that go on in labour markets. In this particular case, the unemployment rate hides the employment creation and destruction dynamics of labour markets.

In light of this, it was decided to create an indicator – Unemployment Reintegration Performance (URP) – that is able to measure the success of labour markets in creating jobs for unemployed persons. Based on the ground-breaking study developed by Kruppe (2001), this thesis will argue that a labour market’s URP can be measured by combining the information from two indicators¹⁶⁰:

- ‘Inflow into dependent employment’, which measures the number of individuals that have entered employment in a given year;

-
- ‘Unemployed’, for individuals whose current activity status is ‘unemployed’;
 - ‘Other’, for individuals whose current activity status is ‘retired’, ‘doing housework, looking after children or other persons’, ‘in community or military service’, or ‘other economically inactive’ (see EUROSTAT 2003, p. 208).

¹⁶⁰ A sensitivity analysis on the relation between the labour markets’ URP and the schemes’ employment effectiveness (Y), showed that the correlation between the two variables is not affected if the weight ascribed to the inflow to dependent employment is located in a interval between 60% and 70% (see Annex 3). As a matter of precaution it was decided to use the lower value in this interval to define the distribution of weights between the two indicators.

- ‘Share of flow from unemployment in all inflows into dependent employment’, which measures to what degree the creation of new jobs is based on the recruitment of unemployed individuals (Kruppe 2001, p. 13).

Assuming that there is a positive correlation between the employment effectiveness of GMI schemes (Y) and the labour market’s URP (X), the one can argue that:

$$y' = E [y|x] , x \{ \alpha * 0.6 + \beta * 0.4 \}$$

where:

y' refers to the expected value (E) of the employment effectiveness (y) for a given value of the labour market URP (x).

α refers to the value of the Inflow to dependent employment, and

β refers to the value of the share of flow from unemployment in all inflows into dependent employment

If one subtracts the value of y by y' , one can identify the scheme’s ‘marginal effectiveness’ (z):

$$z = y - y'$$

If the value of z is positive, this means that the employment effectiveness of the scheme is, given the existing labour market conditions, higher than expected (and vice-versa). This measure will be used as the basis for the analysis of the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development.

4.3. CONCLUSION

This chapter has been intended to define the methodological bases for a comparative study of the relation between the respect of the Right to Personal Development and the employment effectiveness of GMI schemes in EU member countries. The chapter started

by reviewing the evidence on the employment effectiveness of GMI schemes. Reflecting on this review, it was further argued that the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development would be best analysed by combining Ragin's QCA with traditional quantitative methods.

The chapter has shown how this relation can be best operationalised. It argued that the respect for the Right to Personal Development can be measured in terms of the household's 'total net disposable family income' (TNDFI) in relation to the poverty line; the freedom to choose other activities instead of employment; the freedom to choose the job one wants; the level of discretion in the structures of implementation; the opportunity to work and to participate in education/training courses; and the restitutive character of the sanctions imposed on recipients. Finally, the chapter has shown how ECHP data can be used to measure the schemes' employment effectiveness and proposes a technique to adjust that to the capacity of labour markets to create jobs for unemployed persons.

5. GMI SCHEMES AND THEIR RESPECT FOR THE RIGHT TO PERSONAL DEVELOPMENT

This chapter measures to what degree the GMI schemes under analysis respect the recipients' Right to Personal Development. The chapter starts with a brief presentation of the cases selected. The remaining sections will analyse the schemes' performance with regards to the various dimensions of the Right to Personal Development. The final section will analyse how the schemes are positioned in the Index of respect of the Right to Personal Development.

5.1. BASIC DESCRIPTION OF CASES UNDER ANALYSIS

This section describes the fundamental characteristics of the cases that will be compared. In particular, it focuses on the entitlement conditions to GMI protection and the framework for the activation of GMI recipients.

5.1.1. GERMANY (BSHG97 AND BSHG99)

The *Bundessocialhilfegesetz* (BSHG) was introduced in 1961 and is composed of two components: the *Hilfe in besonderen Lebenslagen*, which provides a bridge benefit for emergency situations; and the *Hilfe zum Lebensunterhalt*, which provides income support to individuals who cannot support themselves (Hanesh and Baltzer 2000, p. 16-7). This thesis will focus on the latter component of the *Bundessocialhilfegesetz*. In order to be entitled to BSHG, individuals must have exhausted all the means to support him/herself, and be willing to register as unemployed with the federal employment authorities (BfA), and accept any work or training opportunities that are offered to them (Heikkila 2001, p. 37).

GMI recipients are, in principle, not entitled to participate in employment programmes organised by BfA. Instead, they can only participate in *Hilfe zum Arbeit* (Help Towards Work) programmes (HZA), organised by local authorities. These programmes might involve subsidised work in the primary labour market, or work in non-profit/public welfare

sectors (Hanesh and Baltzer 2000, p. 32 and Voges, Jacobs and Trickey 2000, p. 85). Nonetheless, there is the possibility for GMI recipients to participate in federal employment programmes through agreements between local municipalities and local BfA agencies (Evans 2001, p. 17)

¹⁶¹. In this context, one needs to take into consideration the impact of the introduction of the Social Code in 1998, which replaced the Employment Promotion Act (AFG), in the activation of BSHG recipients.

5.1.2. DENAMRK (SB97 AND SB98)

The *Social Bistand* (SB) was introduced in 1974 and provides a minimum income benefit for individuals who have experienced an event (job loss, sickness, divorce, etc) which affects their ability to support themselves, and that are willing to take any available job offers. However, until 1998, local authorities were not obliged to offer activation opportunities to SB recipients (Eardley et al. 1996b, p. 113-15). In 1998, the Danish government introduced the Act on Active Social Policy. This Act introduced a right and a duty to activation. This obliged local municipalities to provide activation opportunities for SB recipients, and a consequent obligation on recipients to accept any suitable job offer, or to participate in any activation programmes offered by the municipality (Rosdahl and Weise 2000, p. 167).

The activation of SB recipients depends on the articulation between the municipalities and the Public Employment Services. Municipalities are responsible for the activation of all GMI recipients, no matter what their condition. Those whose condition is related to unemployment alone, can be integrated in the PES, where they receive the same treatment as those under unemployment insurance benefits¹⁶².

5.1.3. THE NETHERLANDS (ABW97 AND ABW99)

The new *Algemene Bijstandswet* (ABW) was introduced in 1996. In order to be entitled to ABW, individuals must have exhausted all means to support themselves; to be available

¹⁶¹ For a more detailed description of the activation programmes available to BSHG recipients see Annex 2.

¹⁶² For a more detailed description of the activation programmes available to SB recipients see Annex 2.

for work, which can mean active job-search, registration with the public employment services, or participation in training or education; and to sign a personal plan, which defines the steps that need to be taken to return to the labour market (De Haan and Verboon 2000, p. 7-8).

The framework for the activation of ABW recipients was significantly reformed with the introduction of the Jobseeker's Employment Act (WIW) in January 1998, which merged a number of ALM programmes¹⁶³. WIW gives the municipalities the responsibility of providing the necessary means for long-term unemployed individuals to find a job, and offers participants three possibilities: subsidised employment with a regular employer, subsidised employment with a municipal employment organisation, and a training or social activation option (Van Oorschot and Engelfriet 1999, p. 27-8; Spies and van Berkel 2000, p. 116).

5.1.4. FRANCE (RMI98)

The *Revenu Minimum d'Insertion* (RMI) was introduced in 1988, and revised in 1992. It provides minimum income protection for individuals aged above 25¹⁶⁴, who cannot support themselves, and are willing to sign an insertion contract, that defines the objectives and stages for their social insertion. This involves an holistic approach that covers a number of areas such as work, training, housing, health, etc. In this context, the obligation to work is as important as the obligation to better one's health or housing situation (Enjolras et al. 2000, p. 50; Gautrat, Fraise and Bucollo 2000, p. 9).

The social insertion of RMI recipients depends on the articulation of *Conseil Départemental d'Insertion* (Departmental Insertion Council), at the regional level, and the *Commission Local d'Insertion* (Local Insertion Committee), at the local level. The first includes representatives from central government and other authorities concerned with the provision of welfare, employment and training services¹⁶⁵. Its role is mainly connected with the planning and monitoring of insertion strategies at the regional level. Local Insertion

¹⁶³ For a more detailed description of programmes merged into WIW, see van Oorschot and Engelfriet (2000, p. 27-8).

¹⁶⁴ Except those with children (Gautrat, Fraise and Bucollo 2000, p. 9)

¹⁶⁵ For a more detailed description of the activation programmes available to RMI recipients see Annex 2.

Committees are responsible for the preparation, monitoring and evaluation of insertion contracts, and for the creation of partnerships that can further the insertion opportunities of RMI recipients (Gautrat, Fraisse and Bucollo 2000, p. 14-6, Enjolras et al. 2000, p. 46-7 and Evans 2001, p. 14-5).

5.1.5. PORTUGAL (RMG98)

The *Rendimento Mínimo Garantido* (RMG) was introduced in 1996 on an experimental basis and only came to full implementation in July 1997. In order to be entitled to minimum income protection, individuals must have exhausted all means to sustain themselves, and be willing to agree an insertion contract, a document that defines their rights and responsibilities in the social insertion process. In particular, recipients are required to be available to work or to attend an education/training course; to participate in temporary activities that can further their future employability, or that satisfy community or environmental needs; and to engage in processes that promote their social insertion (healthcare, housing, etc.)¹⁶⁶ (Cardoso and Ramos 2000, p. 15 and Capucha 1998, p. 38).

The social insertion of RMG recipients is ascribed to *Comissões Locais de Acompanhamento* (Local Support Committees). These bodies comprise representatives from central government agencies, local municipalities and local organisations, and are responsible for the definition, implementation and evaluation of insertion contracts. Despite the initial intention of decentralising local delivery, the Ministry of Solidarity and Social Security has a leading role in the delivery of the measure, not only because the head of the Local Support Committees is nominated by the Regional Social Security Commission (CRSS), but also because the ministry provides the majority of material resources that secure the implementation of the measure (Cardoso and Ramos 2000, p. 16 and Capucha 1998, p. 32-6).

¹⁶⁶ For a more detailed description of the activation programmes available to RMG recipients see Annex 2.

5.1.6. IRELAND (SWA98)

The Supplementary Welfare Allowance (SWA) was introduced in 1993, but was revised in 1995. It provides a minimum income benefit to individuals that cannot support themselves, and that are registered with the National Training and Employment Authority (FAS) (Eardley et al. 1996b, p. 215-6; Collins 2000, p. 11). The main responsibility for the activation of SWA recipients lies with the Training and Employment Authority (FAS), which runs the majority of employment related activation programmes¹⁶⁷. Nonetheless, the Department of Education and Science, the Revenue Commissioners, and the Department for Social, Community and Family Affairs (which has its own Employment Support service) also play a role in the activation of SWA recipients (Eardley et al. 1996b, p. 214; Collins 2000, p. 15-6).

5.1.7. FINLAND (TTK97 AND TTK99)

The *Toimeentulotuki* (TTK) was introduced in 1984 by the Social Welfare Act, and was revised with the introduction of the Social Assistance Act in 1998. Although it retains most of the previous legislation, the Social Assistance Act puts a clear emphasis on the activation of recipients, which is reflected in the increase of benefit sanctions and the reduction of benefit levels (Heikkila and Keskitalo 1999, p. 9).

The institutional framework for the activation of TTK recipients is mainly the responsibility of employment authorities¹⁶⁸. Nonetheless, some local authorities have engaged in the creation of employment projects for GMI recipients. (Heikkila and Keskitalo 2000, p. 31). Curiously, under the Social Welfare Act, there was no explicit obligation to find work. In fact, an appeal court ruled that claimants did not have an automatic obligation to take paid work (Eardley et al 1996, p. 128-9; OECD 1998, p. 15). On the other hand, recipients were expected to register with the PES and to present proof of active job search. Furthermore, the Act included sanctions for individuals who failed to search for jobs or to take part in activation measures. The introduction of the Social

¹⁶⁷ For a more detailed description of the activation programmes available to SWA recipients see Annex 2.

¹⁶⁸ For a more detailed description of the activation programmes available to TTK recipients see Annex 2.

Assistance Act did not clarify this obligation (Heikkila and Keskitalo 1999, p. 9; Heikkila 2001, p. 31).

5.1.8. UNITED KINGDOM (JSA97 AND JSA99)

The Jobseekers Allowance (JSA) was introduced in October 1996. As mentioned earlier (section 4.2.3), the scheme involves a contributions-based and of an income-based component. In order to be entitled to JSA, individuals must sign a Jobseeker Agreement, and engage in active job search. This can include applying for jobs, seeking information from advertisements and from companies, registering with private employment agencies, preparing a CV, building a list of possible employers, or looking for information on alternative occupations (Ditch and Roberts 2000, p. 21).

In 1998, the British government introduced the New Deal for Young People (NDYP) and the New Deal for Long-Term Unemployed (NDLTU), with the purpose of increasing the opportunities of JSA recipients to find work. The NDYP is compulsory for all individuals aged between 18 and 24 who have been receiving JSA for more than 6 months and involves three main stages: the 'Gateway', the 'New Deal Options' and the 'Follow Through' stage. The Gateway phase consist of an additional 4 months period of assisted job-search. In case of unsuccessful job-search, recipients are obliged to take part in one of the New Deal Options: subsidised employment, full-time education and training, work in the voluntary sector, or work in the 'Environment Task Force'. After this period, unemployed recipients are given a 6-month follow-through period of assisted job-search. The NDLTU is targeted at JSA recipients who have been unemployed for at least two years. The programme includes advisory interviews, employer subsidies and access to work-based training (Ditch and Roberts 2000, p. 33).

5.2. MEASURING RESPECT FOR THE RIGHT TO PERSONAL DEVELOPMENT

As the previous chapter shows (section 4.2.4.1.), in order to measure the schemes' respect for the Right to Personal Development, one needs to examine to what degree they satisfy

the recipients' income needs; to what degree they allow recipients to choose other activities instead of paid employment; and to choose the type of job they prefer; the recipients' additional opportunities to perform work or to participate in education/training courses; and, finally, the restitutive/repressive character of the sanctions regime applied to GMI recipients.

5.2.1. SATISFACTION OF BASIC NEEDS

As argued earlier (section 4.2.4.1.), in order to measure to what degree GMI schemes satisfy the recipients' basic consumption needs this thesis will compare the Total Net Disposable Family Income (TNDFI) as a proportion of the poverty line. As can be seen in Table 9, the ABW in the Netherlands and the SB in Denmark are the schemes where the recipients' TNDFI is closest to the poverty line. The SWA in Ireland should also be noticed, as all households have a net income of at least 70% of the value of Poverty Line. On the other hand, the RMG in Portugal and the BSHG in Germany are the schemes where the recipients' TNDFI is further away from the poverty line.

One can also observe that some schemes pay more attention to the needs of some particular households. For instance, the RMI in France, the ABW in the Netherlands and the JSA in the UK, seem to discriminate in favour of lone parent families. The SB in Denmark and the SWA in Ireland, tend to privilege couples (with or without children). Finally, the RMG in Portugal, the BSHG Germany and the TTK in Finland seem to favour households with children.

Table 9 - Disposable income as a percentage of the poverty line¹⁶⁹

	<i>Single^a</i>	<i>Lone parent + 2 children^a</i>	<i>Couple (no children)^a</i>	<i>Couple + 2 children^a</i>	<i>Disposable income as a percentage of the poverty line ($\Sigma/4$)^b</i>
De - BSHG97	0.38	0.62	0.46	0.61	0.52
De - BSHG99	0.38	0.63	0.46	0.62	0.52
Dk - SB97	0.76	0.78	0.92	0.93	0.85
Dk - SB98	0.75	0.97	0.91	0.92	0.89
NL - ABW97	0.99	1.00	0.94	0.94	0.97
NL - ABW99	0.99	1.00	0.94	0.92	0.96
Fr - RMI98	0.54	0.71	0.55	0.62	0.61
Pt - RMG98	0.39	0.56	0.50	0.63	0.52
Ir - SWA98	0.70	0.71	0.75	0.74	0.73
Fin - TTK97	0.54	0.78	0.61	0.78	0.68
Fin - TTK99	0.51	0.70	0.57	0.70	0.62
UK - JSA97	0.51	0.65	0.54	0.61	0.58
UK - JSA99	0.51	0.73	0.54	0.57	0.59

Notes:

^a Scoring criteria: Proportional score, where 1 refers to a situation where value of TDFI is equal to, or higher than, the value of the poverty line.^b The values in this column represent the mean value of the previous columns

Finally, one should notice that, between 1997 and 1999, there was a noticeable decrease in the TNDFI of families on TTK in Finland, in particular households with children. This appears to be associated with the introduction of the new Social Assistance Act that imposed some reductions in benefit rates (Heikkila and Keskitalo 2000, p. 10). In contrast, in the same period, there was an increase in the TNDFI of lone parent families on SB (Denmark) and JSA (UK). Nonetheless, in the UK this was accompanied by a decrease in the TDNFI of couples with children.

5.2.2. FREEDOM TO CHOOSE OTHER ACTIVITIES INSTEAD OF PAID EMPLOYMENT

As can be seen in Table 10, the RMG in Portugal, the BSHG in Germany and the ABW in the Netherlands are the schemes where GMI recipients have more freedom to choose other activities instead of paid employment. In contrast, the SWA in Ireland and the JSA in 1997 are the cases where there are more constraints on individuals' choices. With regards to the

¹⁶⁹ For further details on the methodology used to compare the recipients' household TNDFI as a percentage of the poverty line, see Annex 1.

latter case, one should highlight the impact of the introduction of New Deal programmes in 1998, which brought in education and training options for JSA recipients and, consequently, expanded their freedom of choice (Ditch and Roberts 2000, p. 32-3). The low score of the French RMI reflects the paternalistic character of the social exclusion paradigm that underlies it (Jordan 1996, p. 3-4). Although there is an intention to guarantee an holistic approach to the recipients' social insertion, the latter have no mechanisms that guarantee their effective ability to choose what is the best way to exploit their talents. Instead, it is up to social workers to determine what is the recipients' best interest.

As Table 10 demonstrates, most schemes allow recipients to participate in education and training courses. Nonetheless, the RMI in France, the SWA in Ireland and the JSA in UK do deny entitlement to individuals in full-time education (Eardley et al. 1996b, p. 215, Ditch and Roberts 2000, p. 21, Guibentif and Bouget 1997¹⁷⁰). There are also significant restrictions to individuals who are interested in providing child-care. The RMI in France and the SWA in Ireland do not make any exceptions for individuals with childcare responsibilities (Gautrat, Fraisse and Bucollo 2000, p. 11-13; Enjolras et al. 2000, p. 50-1; Eardley et al 1996b, p. 216). In other cases, like the RMG in Portugal, the SB in Denmark and the TTK in Finland, recipients are only allowed to care for their offspring when there are no alternative forms of provision (Rosdahl and Weise 2001, p. 171, Heikkila and Keskitalo 2000, p. 34¹⁷¹).

¹⁷⁰ See also Guibentif and Bouget 1997, French Questionnaire.

¹⁷¹ Decree 196-A/97

Table 10 - Freedom to choose other activities instead of paid employment

	<i>Freedom to participate in education a)</i>	<i>Freedom to participate in training a)</i>	<i>Freedom to provide childcare a)</i>	<i>Freedom to provide other family care a)</i>	<i>Freedom to perform unpaid work in social economy organisations a)</i>	<i>Freedom to choose other activities instead of paid employment ($\Sigma/5$)</i>
De - BSHG97	0.5 ¹	0.5 ¹	1	1	0	0.60
De - BSHG99	0.5	0.5	1	1	0	0.60
Dk - SB97	1	1	0.5 ³	0	0	0.50
Dk - SB98	1	1	0.5 ³⁴	0	0	0.50
NL - ABW97	1	1	1 ⁵	0	0	0.60
NL - ABW99	1	1	1 ⁵	0	0	0.60
Fr - RMI98	0.5 ²	1	0	0	0	0.30
Pt - RMG98	1	1	0.5 ³	0.5 ³	0	0.60
Irl - SWA98	0.5 ²	1	0	0	0	0.30
Fin - TTK97	1	1	0.5 ³	0	0	0.50
Fin - TTK99	1	1	0.5 ³	0	0	0.50
UK - JSA97	0	0	0.3 ⁶	0.3 ⁶	0	0.12
UK - JSA99	0.5 ²	1	0.3 ⁶	0.3 ⁶	0	0.42

^a Scoring criteria: 1 – Yes; 0.5 – Yes, with some restrictions; 0.3 - Yes, with significant restrictions; 0 - No

^b The values in this column represent the mean value of the previous columns

Notes:

¹ - Local discretion

² - With restrictions

³ - If there is no alternative available

⁴ - If child is under 6 months

⁵ - If child is under 5

⁶ - Recipients with caring responsibilities can reduce the amount of work they are expected to perform.

Table 10 also shows that there are important constraints on the possibility of providing care to sick or old family members. The BSHG in Germany is the only case where recipients are excused from job search where they have dependent adults in the family (Vogues, Jacobs and Trickey 2000, p. 78, Eardley et al 1996, p. 164). In the case of the RMG in Portugal, this is an option only when there are no alternative forms of provision¹⁶⁴. JSA recipients with care responsibilities are entitled to a reduction of the minimum amount of hours of work they would be expected to perform¹⁶⁵ (European Employment Observatory 1999). Finally, no scheme allows recipients to perform unpaid work in social economy organisations as an alternative to paid employment

5.2.3. FREEDOM TO CHOOSE THE JOB ONE WANTS

As Table 11 shows, GMI schemes put significant restrictions on individuals' choices of the type of job they wish to perform¹⁶⁶. The SWA in Ireland, despite being very much work-oriented, is the only scheme that allows individuals to refuse jobs that do not match their qualifications or previous job experience¹⁶⁷. The TTK in Finland, the RMG in Portugal and the RMI in France and the SB in Denmark, on the other hand, do not consider any kind of exceptions to the obligation to accept work if offered. Nonetheless, in the latter case, there is a general requirement that social workers do not force individuals into jobs that are not adjusted to their characteristics or situation (Rosdahl and Weise 2001, p. 167).

¹⁶⁴ Decree 196-A/97.

¹⁶⁵ Unemployed JSA recipients are expected to work at the least 40 hours week. Persons with care responsibilities are expected to work a minimum 16 hours (European Employment Observatory 1999).

¹⁶⁶ Here, it will be assumed that where there is no specific information on the exceptions to the requirement to perform work, then individuals are forced to accept any job.

¹⁶⁷ The Social Welfare (Consolidation) Act of 1993 (section 120). See <http://www.irishstatutebook.ie/ZZA27Y1993.html>

Table 11 - Freedom to choose the job one wants

	<i>Justifiable excuses for job refusal</i>		<i>Freedom to choose the job one wants</i> ($\Sigma/2$) ^b
	<i>Level of qualification^a</i>	<i>Previous job^a</i>	
De - BSHG97	0	1	0.50
De - BSHG99	0	1	0.50
Dk - SB97	0	0	0.00
Dk - SB98	0	0	0.00
NL - ABW97	0.5 ¹	0	0.25
NL - ABW99	0.5 ¹	0	0.25
Fr - RMI98	0	0	0.00
Pt - RMG98	0	0	0.00
Isl - SWA98	1	1	1.00
Fin - TTK97	0	0	0.00
Fin - TTK99	0	0	0.00
UK - JSA97	0	1	0.50
UK - JSA99	0	1	0.50

^a Scoring criteria: 1 – Yes; 0.5 – Yes, with some restrictions; 0.3 – Yes, with significant restrictions; 0 – No

^b The values in this column represent the mean value of the previous columns

Notes:

1- Only for individuals with higher qualifications

Table 11 also shows that national authorities tend to see the individuals' previous occupation, rather than their level of qualification, as a valid motive for refusing a job. This is the case of the BSHG in Germany, the SWA in Ireland and the JSA in the UK, where recipients can refuse a job on the grounds that it does not allow them to pursue their previous occupation (see Eardley et al. 1996b, p. 216; Vogues, Jacobs and Trickey 2000, p. 78; Ditch and Roberts 2000, p. 22). The SWA in Ireland and the ABW in the Netherlands are the only schemes that allow individuals to refuse a job that does not match their level of qualification. Nonetheless, in the latter case, this only applies to individuals with higher qualifications, and only for a period of 2 years (see Eardley et al. 1996b, p. 216; Spies and van Berkel 2000, p. 109 and van Oorschot and Engelfriet 1999, p. 15).

5.2.4. FREEDOM FROM DISCRETION

As mentioned earlier (see section 4.2.4.1.), one can try to derive the level of discretion in the structures that support the implementation of GMI schemes by looking at the level of decentralization of funding responsibilities and of benefit administration. As can be seen in Table 12, local authorities play a fundamental role in both the funding and the administration of the TTK in Finland, the SB in Denmark and the BSHG in Germany. In contrast, the implementation of the JSA in the UK and the SWA in Ireland is very centralised. One should also notice the case of the ABW in the Netherlands, the RMG in Portugal and the RMI in France, where the funding depends on central government, but the administration of benefits is not centralised.

As Table 12 also shows, there is significant variation in the division of funding responsibilities between central government and local authorities. For instance, in the Netherlands, local authorities are expected to fund only 10% of the costs of delivery of the ABW. In Finland, on the other hand, local authorities are expected to cover around 70% of the expenses associated with the implementation of the TTK. In Denmark, the funding of SB is shared in equal parts by the central government and local authorities. In Germany, local authorities cover 75% of the implementation costs of BSHG. The remaining costs are allocated to the regional authorities (Länder).

One can identify three models of benefit administration. There is group of schemes, where one can include the JSA in the UK and the SWA in Ireland, where the benefit is administered by central government agencies (see Ditch and Roberts 2000, p. 17; Eardley et al 1996, p. 214). The second group includes the TTK in Finland, the SB in Denmark, the BSHG in Germany and the ABW in the Netherlands, where local authorities are responsible for the administration of benefits (see Ditch et al. 1997, p. 30 and OECD 1998, p. 161; Oxford Research 2000, p. 25, Hanesh and Baltzer 2000, p. 18).

Table 12 - Freedom from discretion

	<i>Decentralization of funding responsibilities^a</i>	<i>Decentralization of benefit administration^c</i>	<i>Freedom from discretion ($\Sigma/2$)^c</i>
De - BSHG97	0.2 ¹	0	0.10
De - BSHG99	0.2 ¹	0	0.10
Dk - SB97	0.6 ¹	0	0.30
Dk - SB98	0.6 ¹	0	0.30
NL - ABW97	0.8 ¹	0	0.40
NL - ABW99	0.8 ¹	0	0.40
Fr - RMI98	1 ¹	0,5	0.75
Pt - RMG98	1 ¹	0,5 ³	0.75
Irl - SWA98	1 ¹	1 ⁴	1.00
Fin - TTK97	0.4 ¹²³	0	0.20
Fin - TTK99	0.4 ¹²³	0	0.20
UK - JSA97	1 ¹	1 ⁵	1.00
UK - JSA99	1 ¹	1 ⁵	1.00

^a - Scoring criteria:

- 1 – Central Government funds 100% of total implementation costs
- 0.8 – Central Government funds between 75% and 99% of total implementation costs
- 0.6 – Central Government funds between 50% and 74% of total implementation costs
- 0.4 – Central Government funds between 25% and 49% of total implementation costs
- 0.2 – Central Government funds less than 25% of total implementation costs
- 0 – Local authorities fund 100% of total implementation costs

^b - Scoring criteria

- 1 – Central Government agencies are responsible for benefit administration
- 0.5 – Benefit administration depends do multi-layered structures of implementation
- 0 – Local authorities are responsible for delivery

^c The values in this column represent the average value of the previous columns

Notes:

¹ – Values refer to 1997 (see MISSOC 1998¹⁶⁸)

² - Values refer to 1996 (see MISSOC 1998¹⁶⁹)

³ - The Ministry of Solidarity and Social Security has a leading role in the delivery of the scheme

⁴ - Department for Social, Community and Family Affairs

⁵ – Benefits Agency/Department of Social Security and Department for Education and Employment

In the third group, which includes the RMI in France and the RMG in Portugal, the administration of benefit is based on cooperation between central government agencies and local implementation bodies. For instance, in France, the decisions on the eligibility of applicants and the payment of the benefit are made by the Caisse d'Allocations Familiales (CAF), a nation-wide body. However, the termination of benefit is dependent on a decision of the 'local insertion committee' (Gautrat, Fraisse and Bucollo 2000, p. 13-6). In

¹⁶⁸ http://europa.eu.int/comm/employment_social/soc-prot/missoc98/english/12/index.htm

¹⁶⁹ http://europa.eu.int/comm/employment_social/soc-prot/missoc98/english/12/index.htm

Portugal, the 'Regional Social Security Commissions' (CRSS), which are part of the ministry for social security, determine the eligibility of applicants, and the payment of the benefit. However, as in the French scheme, the termination of benefit is dependent on a decision of the 'Local Support Committees' (Capucha 1998, p. 34).

5.2.5. ADDITIONAL OPPORTUNITIES TO WORK

As argued earlier (section 4.2.4.1), one can measure the recipients' additional opportunities to work by the level of public expenditure, as a percentage of GDP, in 'direct job creation' programmes, 'employment incentives', 'start-up incentives', and 'job rotation/job sharing' programmes. As can be seen in Table 13, the SWA in Ireland and the SB in Denmark are the schemes that provide more work opportunities for GMI recipients. France and Germany should also be noticed by their level of investment in the creation of work opportunities. The JSA in the UK and, to a lesser degree the RMG in Portugal, are the schemes where there is less effort by the public authorities to create additional work opportunities specifically for those who are unemployed.

With the exception of the Danish SB, where public authorities put more focus on the use of employment incentives, most schemes privilege direct job creation programmes as a form of creating work opportunities for GMI recipients. There are nonetheless significant variations in the strategies adopted by policy makers. For instance, in the Finish case, although the majority of public expenditure goes to direct job creation programmes, there is a significant level of investment in job sharing/job rotation programmes. The SWA in Ireland, the SB in Denmark and the BSHG in Germany, on the other hand, make a significant investment in start-up incentives. Finally, as Table 13 shows, the introduction of the New Deal programmes in the UK produced an increase in the work opportunities for JSA recipients. The same appears to happen in Germany, with the introduction of the new Social Code and, to a lesser degree, in the Netherlands, with the introduction of the Jobseeker's Employment Act.

Table 13 - Additional opportunities to work

	<i>Expenditure on direct job creation as % of GDP</i>	<i>Expenditure on employment incentives as % of GDP</i>	<i>Expenditure on start-up incentives as % of GDP</i>	<i>Expenditure on job share/rotation as % of GDP</i>	<i>Additional opportunities to work</i>	
					Σ	Diff. from max ⁴
De - BSHG97 ⁴	0.319 ¹	0.060 ¹	0.033 ¹	0.000 ¹³	0.412	0.60
De - BSHG99 ⁴	0.350	0.080	0.038	0.000 ³	0.468	0.68
Dk - SB97	0.161 ¹	0.454 ¹	0.042 ¹	0.003 ¹	0.660	0.96
Dk - SB98	0.161	0.454	0.042	0.003	0.660	0.96
NL - ABW97	0.315 ²	0.048 ¹	0.000 ¹³	0.000 ²	0.363	0.53
NL - ABW99	0.315	0.069	0.000 ³	0.000 ³	0.384	0.56
Fr - RMI98	0.307	0.189	0.001	0.000 ³	0.497	0.72
Pt - RMG98	0.056	0.043 ²	0.029	0.000 ³	0.128	0.19
Irl - SWA98	0.506	0.123	0.057	0.000	0.686	1.00
Fin - TTK97	0.250 ¹	0.062 ¹	0.017 ¹	0.061 ¹	0.390	0.57
Fin - TTK99	0.183	0.106	0.014	0.063	0.366	0.53
UK - JSA97	0.000 ¹³	0.000 ¹	0.000 ¹	0.000 ¹³	0.000	0.00
UK - JSA99	0.014	0.006	0.000	0.000 ³	0.020	0.03

Notes:

¹ - Information not available. Data refers to nearest neighbour, i.e., 1998² - Information not available. Data refers to nearest neighbour, i.e., 1999³ - Not applicable; real zero; zero by default.⁴ - Given the restrictions on the participation of BSHG recipients in ALMP targeted at unemployment insurance recipients, the expenditure in work-related programmes might not represent the opportunities available to GMI recipients.

5.2.6. OPPORTUNITY TO PARTICIPATE IN EDUCATION AND TRAINING

In line with the previous chapter (see section 4.2.4.1), the opportunity for GMI recipients to participate in education/training will be measured by the level of public expenditure, as a percentage of GDP, in 'training' programmes and 'special support for apprenticeships'. One can observe that the JSA, after the introduction of the New Deal programmes, the RMG in Portugal and the RMI in France are the cases where GMI recipients are given more opportunities to participate in training or education. The ABW in the Netherlands, on the other hand, is the scheme that provides the least opportunities for recipients to improve their human capital. In Ireland, although the investment in training/or education is much higher than in the Netherlands, SWA recipients still have comparatively fewer opportunities to participate in training/education opportunities than their European counterparts.

Table 14 - Opportunity to participate in education and training

	<i>Expenditure on training as % of GDP</i>	<i>Expenditure on special support for apprenticeship as % of GDP</i>	<i>Opportunity to participate in education and training</i>
			Σ <i>Diff. from max</i>
De - BSHG97 ⁴	0.389 ¹	0.045 ¹	0.434 0.61
De - BSHG99 ⁴	0.411	0.058	0.469 0.66
Dk - SB97	0.693 ¹	0.015 ¹	0.708 1.00
Dk - SB98	0.693	0.015	0.708 1.00
NL - ABW97	0.055 ¹	0.040 ¹	0.095 0.13
NL - ABW99	0.064	0.038	0.102 0.14
Fr - RMI98	0.318	0.102	0.420 0.59
Pt - RMG98	0.174	0.065	0.239 0.34
Irl - SWA98	0.223	0.000	0.223 0.31
Fin - TTK97	0.489 ¹	0.044 ¹	0.533 0.75
Fin - TTK99	0.450	0.035	0.485 0.69
UK - JSA97	0.039 ¹	0.099 ¹	0.138 0.19
UK - JSA99	0.046	0.106	0.152 0.21

Notes:

¹ - Information not available. Data refers to nearest neighbour, i.e., 1998.

² - Information not available. Data refers to nearest neighbour, i.e., 1999.

³ - Not applicable; real zero; zero by default.

⁴ - Given the restrictions on the participation of BSHG recipients in ALMP targeted at unemployment insurance recipients, the expenditure in training and education programmes might not represent the opportunities available to GMI recipients.

As Table 14 also shows, countries seem to privilege the investment in training programmes, rather than apprenticeships, as a form of creating education/training opportunities for GMI recipients. Here, one should notice the Danish case, as that which puts the most effort into the provision of training opportunities for GMI recipients. The JSA in the UK, on the other hand, is the only case where expenditure on special incentives to apprenticeships exceeds investment in general training programmes.

Finally, as in the British case, it appears that the introduction of the new Social Code in Germany produced an increase in the level of expenditure on training/education opportunities. On the other hand, the changes in the activation framework of TTK recipients in Finland or of ABW recipients in the Netherlands, did not have a significant impact on the level of expenditure on training/education.

5.2.7. USE OF RESTITUTIVE SANCTIONS

As mentioned earlier (see section 4.2.4.1), one can assess the restitutive/repressive character of the sanction regime¹⁷⁰ applicable to GMI recipients by looking at three indicators:

- The possibility of cancellation of the entitlement to GMI protection in case of infringement;
- the maximum penalty in the case of a first infringement;
- the use of progressive sanctions

As the table below demonstrates, the BSHG in Germany and the ABW in Netherlands are the schemes that are closer to the ideal-type of restitutive sanctions. In none of these cases can the application of benefit sanctions lead to the cessation of entitlement rights. There is also a preoccupation of using progressive sanctions to enforce the obligations of recipients. Nonetheless, the JSA does impose a higher maximum sanction than the BSHG or the ABW.

¹⁷⁰ This section will focus solely on the administrative penalties related with the implementation of the activation requirement that regulates the entitlement to GMI protection. This excludes the sanctions applicable in the cases where individuals provide false information concerning their financial situation.

Table 15 - Use of restitutive sanctions

	<i>Possibility of cancellation of benefit (0.5)^a</i>	<i>Maximum sanction for first infringement (0.25)</i>	<i>Use of progressive sanctions (0.25)^c</i>	<i>Use of restitutive Sanctions</i>
	<i>Maximum sanction as a percentage of the monthly amount of benefit ¹2</i>		<i>Score</i>	
De - BSHG97	1	25%	0.75	0.94
De - BSHG99	1	25%	0.75	0.94
Dk - SB97	0	100%	0	0.00
Dk - SB98	1	20%	1	0.75
NL - ABW97	1	20%	1	1.00
NL - ABW99	1	20%	1	1.00
Fr - RMI98	0	100%	0	0.00
Pt - RMG98	0	100%	0	0.00
IrI - SWA98	1	100%	0	0.75
Fin - TTK97	1	20%	1	0.75
Fin - TTK99	1	20%	1	1.00
UK - JSA97	0	50%	0.5	0.38
UK - JSA99	0	50%	0.5	0.38

Notes:

^a – Scoring criteria:

1 – No

0 – Yes

^b – Scoring criteria:

1 – Sanction represents less than 25% of monthly amount of benefit

0.75 – Sanction represents between 25% and 49% of monthly amount of benefit

0.50 – Sanction represents between 50% and 74% of monthly amount of benefit

0.25 – Sanction represents between 75% and 99% of monthly amount of benefit

0 – Sanction represents 100% of monthly amount of benefit

^c – Scoring criteria:

1 – Yes

0 – No

^d The values in this column represent the weighted sum of the values of the previous columns¹ – This excludes restrictions on entitlement rights related with the signature of an insertion contract/Jobseekers Agreements.² – Given the great variation in the sanction regimes under analysis, this indicator was standardised according the following rules:

- When the sanctions are defined as a full-suspension of weekly benefit, it will be assumed that this corresponds to 25% of the monthly benefit;
- When the maximum penalty is the cancellation of benefit, it will be assumed that this corresponds to 100% of monthly benefit;
- In the cases where there are differentiated sanctions for different infractions, the value will reflect the maximum penalty for the minor infraction(s);

³ – In cases where schemes set a maximum level of sanction, and then let social workers to use their discretion to determine the level of sanction that is appropriate, it will be assumed that progressive sanctions are in use.

The most repressive schemes are the SB (before the introduction of the Act on Active Social Policy in 1998), the RMI in France, the RMG in Portugal, and the JSA in the UK, are. In the French case, recipients who fail to comply with the insertion contract, or fails to show to all three evaluation interviews, can have their benefit suspended, or even cancelled (Lefevre and Zoyem 1999, p. 2). In Portugal, any RMG recipients who fail to comply with the activities agreed in the insertion contract will have their benefit cancelled (Cardoso and Ramos 2000, p. 15; Capucha 1998, p. 40). In the UK, if a Jobseekers Agreement is not signed by the first 21 days, benefit entitlement can be cancelled (Ditch and Roberts 200, p. 23). Before the introduction of the Act on Active Social Policy in 1998, all SB who refused an activation offer from the local authorities would lose their entitlement to GMI (Eardley et al 1996b, p. 115). After 1998, the sanction was reduced to a 20% cut in their benefit (Kildal 2001, p. 8).

As Table 15 also shows, the SWA in Ireland, the RMG in Portugal and the RMI in France, are the schemes that apply the most severe sanctions to first-time transgressors. As seen earlier, in the French and Portuguese cases, a first infringement can lead to the end of entitlement. In the Irish case, an initial infraction can lead to the suspension of benefit for up to nine weeks (Earldey et al 1996b, p. 150). The JSA in the UK also imposes a harsh penalty for first-time offenders. Thus, JSA recipients who fail to attend a job interview, to participate in a 'New Deal Option' or to follow a 'Jobseeker's Direction'¹⁷¹, will receive a fixed sanction of 2-week benefit suspension (Trickey and Walker 2000, p. 201-2).

In the remaining countries, the sanction for a first infringement is significantly lower. In Germany, BSHG recipients who refuse a job offer for the first time are subject to a sanction of up to 25% of the standard rate of benefit (Voges, Jacobs and Trickey 2000, p. 86-7). In the Netherlands, a first infringement will be sanctioned with a 5% to 20% reduction of the ABW benefit (van Oorschot and Engelfriet 1999, p. 15).

Table 15 shows, most schemes use progressive sanctions to enforce individuals' obligations. In the UK, any further transgressions after a first sanction are punished with a 4-week benefit suspension (Trickey and Walker 2000, p. 201-2). In the Netherlands, continuous non-conformity can lead to the full withdrawal of benefit for a month (van

¹⁷¹ When recipients refuse to attend any of the opportunities offered by the New Deal, they can be issued with a Jobseekers Direction, which defines the guidelines concerning job search, or the attendance of New Deal Options (Trickey and Walker 2000, p. 201)

Oorschot and Engelfriet 1999, p. 15). In Germany, BSHG recipients who, after the imposition of a first sanction, fail to fulfil their obligations can have their share of the household benefit removed (Voges, Jacobs and Trickey 2000, p. 86-7).

In contrast, the Finnish TTK, prior to the introduction of the new Social Assistance Act in 1998, did not use progressive sanctions. Recipients who refuse a job or training offer, or behave in a way that endangered their chances to find work or participate training would receive a fixed 20% cut in their benefit. In 1998, the government introduced a progressive sanction regime, where recipients who repeatedly fail to accept a job or training offer receive a 40% benefit reduction (Heikkila and Keskitalo 1999, p. 15-6; Heikkila and Keskitalo 2000, p. 34). In the same way, the Danish SB (before the introduction of the Act on Active Social Policy in 1998), the RMG in Portugal, the RMI in France also exclude the use of progressive sanctions.

5.3. INDEX OF RESPECT FOR THE RIGHT TO PERSONAL DEVELOPMENT

This section examines how the cases under analysis are positioned in the Index of respect for the Right to Personal Development. As Table 16 shows, the ABW in the Netherlands is the scheme that scores the highest. Nonetheless, the decrease in the recipients' TNDFI did have a (very small) negative impact on the scheme's position in the Index. In Denmark, the introduction of the Act on Active Social Policy in 1998 had a significant impact on the scheme's position, making it one of the cases with the highest respect for the Right to Personal Development. In contrast, the RMI in France and the RMG in Portugal are the schemes that least respect recipients' Right to Personal Development. The JSA in the UK also occupies a lower position.

Table 16 – Index of respect for the Right to Personal Development

	<i>Satisfaction of basic consumption needs (*0.4)</i>	<i>Freedom to take other activities instead of paid work (*0.05)</i>	<i>Freedom to choose type of job (*0.05)</i>	<i>Freedom from discretion (*0.05)</i>	<i>Additional opportunities to work (*0.075)¹</i>	<i>Opportunity to participate in education & training (*0.075)¹</i>	<i>Use of restitutive sanctions (*0.3)</i>	<i>Respect for the Right to Personal Development ^a</i>
De - BSHG97	0.52	0.60	0.50	0.10	0.60	0.61	0.94	0.64
De - BSHG99	0.52	0.60	0.50	0.10	0.68	0.66	0.94	0.64
Dk - SB97	0.85	0.50	0.00	0.30	0.96	1.00	0.00	0.51
Dk - SB98	0.89	0.50	0.00	0.30	0.96	1.00	0.75	0.77
NL - ABW97	0.97	0.60	0.25	0.40	0.53	0.13	1.00	0.78
NL - ABW99	0.96	0.60	0.25	0.40	0.56	0.14	1.00	0.77
Fr - RMI98	0.61	0.30	0.00	0.75	0.72	0.59	0.00	0.36
Pt - RMG98	0.52	0.60	0.00	0.75	0.19	0.34	0.00	0.33
Irl - SWA98	0.73	0.30	1.00	1.00	1.00	0.31	0.75	0.63
Fin - TTK97	0.68	0.50	0.00	0.20	0.57	0.75	0.75	0.62
Fin - TTK99	0.62	0.50	0.00	0.20	0.53	0.69	1.00	0.69
UK - JSA97	0.58	0.12	0.50	1.00	0.00	0.19	0.38	0.39
UK - JSA99	0.59	0.42	0.50	1.00	0.03	0.21	0.38	0.41

Notes:

^a The values in this column represent the weighted sum of the values of the previous columns¹ – One should recognise that the technique used to standardise the information for this indicator, difference from maximum, can introduce some bias in the creation of the Index of respect for the Right to Personal Development.

In the same way as in Denmark, the introduction of the new Social Assistance Act in Finland in 1998, as it established a more progressive sanction regime, also had a positive impact on the schemes' position in the Index of respect for the Right to Personal Development. Had the level of benefit not been reduced in that same period, and the impact would surely be even more visible. In the UK and Germany, the changes in the activation framework of GMI recipients, also had a positive, albeit small, impact on the scheme's position in the Index.

When looking at the various dimensions of the respect for the Right to Personal Development, the chapter shows that the ABW in the Netherlands and the SB in Denmark are the schemes where the recipients' TNDFI is closer to the poverty line. In what concerns the recipients freedom to exploit their talents, the chapter also shows that the RMG in Portugal, the BSHG in Germany and the ABW in the Netherlands are the schemes where GMI recipients have more freedom to choose other activities instead of paid employment. On the other hand, the SWA in Ireland, is the only scheme that allows individuals to refuse jobs that do not match their qualifications or previous job experience. Finally, the JSA in the UK and the SWA in Ireland as they depend on the very centralised structures of implementation, are the schemes where recipients are freer from the discretionary power of social workers.

With regards to recipients' opportunities to exploit their talents, the chapter shows that the SWA in Ireland and the SB in Denmark and are the schemes recipients have more additional opportunities to work. On the other hand, the JSA, after the introduction of the New Deal programmes, the RMG in Portugal and the RMI in France are the cases where GMI recipients are given more opportunities to participate in training or education. Finally, the chapter shows that the BSHG in Germany and the ABW in Netherlands are the schemes that are closer to the ideal-type of restitutive sanctions.

5.4. CONCLUSION

This concludes the first moment in the analysis of the relation between the employment effectiveness of GMI schemes and their respect for the right to a minimum income. Going through the various dimensions that operationalise this normative framework, this chapter

showed that the ABW in the Netherlands is the scheme that scores highest in the Index of respect for the Right to Personal Development. In contrast, the RMI in France and the RMG in Portugal are the schemes with least respect. The JSA in the UK also scores low. The following chapter will focus on the measurement of the employment effectiveness of GMI schemes and analyse its relation with the schemes' respect for the Right to Personal Development.

6. THE EMPLOYMENT EFFECTIVENESS OF GMI SCHEMES AND THEIR RESPECT FOR THE RIGHT TO PERSONAL DEVELOPMENT

This chapter will test the hypothesis that GMI schemes that show more respect for the Right to Personal Development, once labour market conditions are accounted for, are more effective at returning recipients to the labour market. The first section will focus on the measurement of the employment effectiveness of GMI schemes. The second will use basic correlational tools, QCA and cluster analysis to analyse the relation between the schemes' employment effectiveness and their respect for the Right to Personal Development. The third section will consider whether the research hypothesis is corroborated by empirical evidence.

6.1. MEASURING THE EMPLOYMENT EFFECTIVENESS OF GMI SCHEMES

This section measures the employment effectiveness of GMI schemes. The first step in this endeavour will consist in the measurement of the percentage of recipients who, one year after being on GMI, have made a transition to unsubsidised work. The subsequent step will be the measurement of the labour markets' ability to create jobs for unemployed persons (Unemployment Reintegration Performance). The final step will consist in adjusting the employment effectiveness indicator to labour market conditions. This will produce an indicator of the marginal employment effectiveness of GMI schemes.

6.1.1. MEASURING TRANSITIONS FROM GMI TO WORK

As can be seen from Table 17, on average, only a quarter of recipients were able to find work after a year on GMI (see final row). Nonetheless, the percentage of individuals in work is partly related to the percentage of people still in education, training or job creation schemes. This is particularly visible in ABW99 and the BSHG99 that - compared with ABW97 and the BSHG97, respectively - show a higher percentage of individuals in

education/training/job creation and a lower percentage of individuals in work. However, bearing in mind that these variations correspond increases in the investment in ALMP in the Netherlands and in Germany (see section 5.2.6), one cannot exclude the possibility that, within this time-frame, the percentage of individuals in work might be reduced by previous increases in the investment in ALMP

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Table 17 – Activity status of recipients one year after being on GMI

	<i>Work</i>		<i>In Ed/Train /Job Creation</i>		<i>Unemployed</i>		<i>Other</i>	
	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>
De - BSHG97	18	21.43	23	27.38	27	32.14	16	19.05
De - BSHG99	10	14.71	26	38.24	18	26.47	14	20.58
Dk - SB97	20	29.85	27	40.30	12	17.91	8	11.94
Dk - SB98	14	28.00	23	46.00	8	16.00	5	10.00
NL - ABW97	20	20.62	21	21.65	37	38.14	19	19.59
NL - ABW99	11	15.07	23	31.51	26	35.62	13	17.80
Fr - RMI98	18	18.37	14	14.29	60	61.22	6	6.12
Pt - RMG98	9	22.50	5	12.50	18	45.00	8	20.00
Irl - SWA98	40	29.41	47	34.56	35	25.74	14	10.29
Fin - TTK97	80	35.09	82	35.96	37	16.23	29	12.72
Fin - TTK99	46	35.94	32	25.00	36	28.13	14	10.93
UK - JSA97	9	31.03	0	0.00	17	58.62	3	10.35
UK - JSA99	9	28.13	0	0.00	21	65.63	2	6.24
$\Sigma/13$		25.40		25.18		35.91		13.51

Source: European Community Household Panel (1994-2001)

As Table 17 shows, the TTK in Finland reveals the highest percentage of GMI recipients who made the transition to work. The SB in Denmark, the SWA in Ireland and the JSA in the UK also present a level of effectiveness above the average. In contrast, the RMG in Portugal, the RMI in France, the German BSHG (especially after the introduction of the Social Code) and the Dutch ABW (especially after the introduction of the Jobseekers' Employment Act) are the schemes that are least effective in returning recipients to the labour market.

¹⁷² The British case is more difficult to explain, Although there is a decrease in the JSA's employment effectiveness, the introduction of the New Deal programmes did not produce an increase in the 'education/training/job creation' category. This might be related with the fact that New Deal Options are only expected to last only 6 months (see Ditch and Roberts 2000, p. 33).

6.1.2. MEASURING UNEMPLOYMENT REINTEGRATION PERFORMANCE

As mentioned earlier (section 5.2.4.3), the technique adopted to adjust the employment effectiveness of GMI schemes to the existing labour market conditions involves the creation of an Unemployment Reintegration Performance (URP) indicator, that is able to measure the success of labour markets in creating jobs for unemployed persons. As can be seen in the table below, however, there is little variation in countries' ability to create jobs for unemployed persons. Finland, France and Germany are the countries where the labour markets show the best performance. The Netherlands, on the other hand, is the worst performer. Finally, one should notice that, between 1997 and 1999, the Finnish, German and Dutch labour markets lost some of their capacity of creating jobs for the unemployed.

Table 18 – Unemployment reintegration performance

	<i>Inflow into employment (*0.6)</i>	<i>% of max^a</i>	<i>Share of flow from unemployment in all inflows into dependent employment (*0.4)</i>	<i>% of max^a</i>	<i>Unemployment reintegration performance Σ^b</i>
De - BSHG97 ¹	16.60	1.00	18.10	0.37	0.75
De - BSHG99 ²	15.60	0.94	16.30	0.33	0.70
Dk - SB97 ¹	12.40	0.75	18.90	0.39	0.60
Dk - SB98 ³	11.50	0.69	20.70	0.42	0.59
NL - ABW97 ¹	8.30	0.50	25.70	0.53	0.51
NL - ABW99 ³	7.90	0.48	22.30	0.46	0.47
Fr - RMI98 ³	9.50	0.57	48.80	1.00	0.74
Pt - RMG98 ³	8.00	0.48	36.20	0.74	0.59
Irl - SWA98 ⁴	11.60	0.70	29.70	0.61	0.66
Fin - TTK97 ¹	13.30	0.80	35.30	0.72	0.77
Fin - TTK99 ²	12.20	0.73	32.30	0.66	0.71
UK - JSA97 ¹	14.00	0.84	17.90	0.37	0.65
UK - JSA99 ²	15.10	0.91	12.80	0.26	0.65

^a – In order to standardise the data from sub-indicators that compose URP, it was decided to compare the values of each case with the best performing case¹⁷³.

^b – As seen earlier (section 4.2.4.3.), a labour market's URP represents the weighted sum of the scores of the previous columns.

Source: Key Indicators of the Labour Market, 3rd Edition (KILM)

Notes:

¹ - 1998

² - 2000

³ - 1999

⁴ - 1997

¹⁷³ One possible alternative to standardise this data would be to use central tendency based techniques, such as z-scores, or difference from mean. However, as it would not suit the purpose of the URP indicator, i.e. to identify the countries that perform the best at creating jobs for unemployed persons, this option was abandoned.

One should also notice that the URP indicator reflects different models of job creation. In the UK, Germany and Denmark, the labour market's URP is more related to their overall capacity to create new jobs than with the weight of the pool of unemployed in the creation of new jobs. In contrast, in France and Portugal, the labour market has a lower capacity to create new jobs, but the percentage of the new jobs that go to unemployed persons is higher. The Finnish labour market is the only case that combines a high capacity of job creation and a great ability to reintegrate unemployed persons back into the labour market.

6.1.3. ADJUSTING THE EFFECTIVENESS OF GUARANTEED MINIMUM INCOME SCHEMES TO LABOUR MARKETS CONDITIONS

Having analysed the ability of labour markets to reintegrate unemployed individuals, one can now determine the marginal employment effectiveness of the cases under analysis. As seen earlier (section 4.2.4.3), the technique devised to measure the schemes' marginal effectiveness depends on the assumption that the employment effectiveness of GMI schemes (Y) and the labour market's URP (X) present a positive correlation. This is confirmed by the presence of a positive correlation between the two indicators ($r = 0.34$, see Table 20).

Table 19 – GMI Marginal Effectiveness

	<i>GMI employment effectiveness (Y)</i>	<i>Unemployed reintegration performance (X)</i>	<i>Expected value of the employment effectiveness ($Y' = E[Y X]$)</i>	<i>GMI marginal effectiveness ($Z = Y - Y'$)</i>
De - BSHG97	21.43	0.75	28.08	-6.65
De - BSHG99	14.71	0.70	26.76	-12.05
Dk - SB97	29.85	0.60	24.31	5.54
Dk - SB98	28.00	0.59	23.85	4.15
NL - ABW97	20.62	0.51	21.91	-1.29
NL - ABW99	15.07	0.47	20.82	-5.75
Fr - RMI98	18.37	0.74	27.95	-9.58
Pt - RMG98	22.50	0.59	23.86	-1.36
Idl - SWA98	29.41	0.66	25.86	3.55
Fin - TTK97	35.09	0.77	28.64	6.45
Fin - TTK99	35.94	0.71	26.97	8.97
UK - JSA97	31.03	0.65	25.60	5.43
UK - JSA99	28.13	0.65	25.55	2.58

As Table 19 shows, the TTK in Finland, even when labour market conditions are considered, is the most effective scheme at putting recipients back into the labour market. The JSA in the UK and the SB in Denmark also show a positive marginal effectiveness. In contrast, the BSHG in Germany, especially after the introduction of the Social Code, and the RMI in France are the schemes that are the least effective at returning recipients to the labour market. The RMG in Portugal and the ABW in the Netherlands, especially after the introduction of the Jobseekers Employment Act, also show negative marginal employment effectiveness.

This suggests that the changes in the activation framework for BSHG, ABW and JSA recipients, rather than improving, prompted a decrease in the schemes' marginal effectiveness. As before, one cannot exclude the possibility that this is related with the increase in the opportunities to participate in education/training courses or job creation schemes (see section 6.1.1.). In contrast, the introduction of the new Social Assistance Act in Finland had a positive impact on the schemes' ability to return recipients back to the labour market.

6.2. ANALYSING THE RELATION BETWEEN THE EMPLOYMENT EFFECTIVENESS OF GMI SCHEMES AND THEIR RESPECT FOR RIGHT TO PERSONAL DEVELOPMENT

In line with the methodological framework outlined earlier (chapter 4), This section will use traditional correlational tools, QCA and cluster analysis to analyse the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development. Correlational tools will be used to measure the independent effect of activation policy-instruments on the schemes' employment effectiveness. QCA will use Boolean algebra to identify the different arrangements in the activation of GMI recipients and analyse how these can impact on the schemes' employment effectiveness. Cluster analysis provides an alternative way of identifying the different arrangements in the activation of GMI beneficiaries, which is more sensitive to the relative importance of explanatory variables in the clustering process, and of analysing how these can impact on the schemes' employment effectiveness.

6.2.1. CORRELATIONAL ANALYSIS

Traditional correlational tools¹⁷⁴ suggest that there is no systematic relationship between a scheme's respect for the Right to Personal Development and its marginal employment effectiveness. This reflects the variety of situations found in the sample under analysis. For instance, the ABW in the Netherlands, which shows the highest respect for the Right to Personal Development, presents a negative marginal employment effectiveness. At the same time, the RMI in France and RMG in Portugal, which show the least respect for the recipients Right to Personal Development, also display a negative marginal effectiveness. On the other hand, the SB in Denmark, after the introduction of the new Act on Active Social Policy, is able to combine a positive marginal employment effectiveness, with a great respect for recipients' Right to Personal Development.

Table 20 also suggests that improving the satisfaction of the recipients' income needs and their freedom from administrative discretion can have a positive impact on the schemes' marginal employment effectiveness. On the other hand, increasing the recipients' freedom to choose the job they want and, especially, the type of activities they would like to perform, would have the opposite effect. Curiously, the available data suggests that increasing the restitutive character of the sanctions applicable to GMI recipients will not have an impact on the schemes' marginal employment effectiveness.

¹⁷⁴ As this study involves a small number of cases, it was decided to use basic correlation measures, namely Pearson's product moment correlation coefficient (r), rather than more sophisticated tools such as simple or multiple regression analysis (see Fielding and Gilbert 2003, p. 165-8).

Table 20 – Correlation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development

	<i>Satisfaction of income needs (*0.4)</i>	<i>Freedom to choose other activities instead of paid work (*0.05)</i>	<i>Freedom to choose type of job (*0.05)</i>	<i>Freedom from discretion (*0.05)</i>	<i>Additional opportunities to work (*0.075)¹</i>	<i>Opportunity to participate in education & training (*0.075)¹</i>	<i>Use of restitutive sanctions (*0.3)</i>	<i>Respect for the Right to Personal Development Σ</i>	<i>Respect for the Right to Personal Development (excluding opportunity variables)^a Σ</i>	<i>GMI employment effectiveness (Y)</i>	<i>Unemployed reintegration performance (X)</i>	<i>GMI marginal effectiveness (Z = Y-Y')</i>
De - BSHG97	0.52	0.60	0.50	0.10	0.60	0.61	0.94	0.64	0.61	21.43	0.75	-6.65
De - BSHG99	0.52	0.60	0.50	0.10	0.68	0.66	0.94	0.64	0.61	14.71	0.70	-12.05
Dk - SB97	0.85	0.50	0.00	0.30	0.96	1.00	0.00	0.51	0.42	29.85	0.60	5.54
Dk - SB98	0.89	0.50	0.00	0.30	0.96	1.00	0.75	0.77	0.66	28.00	0.59	4.15
NL - ABW97	0.97	0.60	0.25	0.40	0.53	0.13	1.00	0.78	0.81	20.62	0.51	-1.29
NL - ABW99	0.96	0.60	0.25	0.40	0.56	0.14	1.00	0.77	0.81	15.07	0.47	-5.75
Fr - RMI98	0.61	0.30	0.00	0.75	0.72	0.59	0.00	0.36	0.35	18.37	0.74	-9.58
Pt - RMG98	0.52	0.60	0.00	0.75	0.19	0.34	0.00	0.33	0.34	22.50	0.59	-1.36
Irl - SWA98	0.73	0.30	1.00	1.00	1.00	0.31	0.75	0.63	0.75	29.41	0.66	3.55
Fin - TTK97	0.68	0.50	0.00	0.20	0.57	0.75	0.75	0.62	0.57	35.09	0.77	6.45
Fin - TTK99	0.62	0.50	0.00	0.20	0.53	0.69	1.00	0.69	0.62	35.94	0.71	8.97
UK - JSA97	0.58	0.12	0.50	1.00	0.00	0.19	0.38	0.39	0.51	31.03	0.65	5.43
UK - JSA99	0.59	0.42	0.50	1.00	0.03	0.21	0.38	0.41	0.54	28.13	0.65	2.58
<i>r / Y</i>	-0.06	-0.39	-0.11	0.12	-0.06	0.30	-0.09	-0.08	-0.13	-	-	-
<i>r / Z</i>	0.19	-0.31	-0.14	0.17	-0.07	0.17	-0.06	0.02	0.01	-	-	-
<i>r / URP</i>	-	-	-	-	0.03	0.40	-	-	-	0.34	-	-

Notes:

^a – Here, the index of the Right to Personal Development does not consider the recipients' Opportunity to Work and to Participate in Education and Training (for further details, see Table 2 in Annex 4).

The analysis of impact of the recipients' additional opportunities to work or to participate in education and training in the schemes' employment effectiveness should take in consideration, first, the fact that the latter is conditioned by the ability of labour markets to create new jobs for unemployed persons (see section 6.1.3.) and, second, the possibility, suggested by the model developed by Layard and Nickel (1986)¹⁷⁷, that this in turn is influenced by the level of investment in ALMP. This would suggest that there is a co-linearity between the investment in ALMP and the schemes' (non-adjusted) employment effectiveness.

This hypothesis appears to be confirmed by the positive correlation between the labour market's URP and the investment in training and education programmes ($r = 0.40$, see Table 20)¹⁷⁸. This is further reinforced by the positive correlation between the labour markets' URP and the total investment in ALMP ($r = 0.24$, see Table 1 in Annex 4). A final confirmation, albeit of minor relevance given the dimension of the numbers involved, is the fact that, as Table 20 shows, if one excludes the opportunity-related variables, there is a further decrease in the correlation between the schemes' respect for the Right to Personal Development and their marginal employment effectiveness¹⁷⁹.

Bearing in mind the weight of the literature that supports the hypothesis of the impact of ALMP in the labour markets' URP, and the evidence advanced in the previous paragraph, it will be argued that there is a co-linearity between the investment in ALMP and the schemes' (non-adjusted) employment effectiveness. In order to avoid the errors that such

¹⁷⁷ In a seminal study of the macro-economic effects of ALMP Layard and Nickel (1986) develop a model that demonstrates that ALMP, as they enhance the size and employability of labour supply, which in turn facilitates recruitment and has a moderating effect on wages, have a positive impact on employment. This effect is further enhanced by the impact of ALMP in the reduction of friction between labour demand and labour supply. The model, then, predicts that ALMP will enhance labour supply and employment, reduce unemployment and have a moderating effect on wage formation (see de Koning 2001, p. 718). The positive impact of ALMP in reducing unemployment was confirmed in later studies (OECD 1993 or Bellmann and Jackman 1996).

¹⁷⁸ As Table 20 shows, the Additional Opportunities to Work indicator has a positive, albeit very weak, correlation with the ability of labour markets to create jobs for unemployed persons. This seems to confirm the results of the evaluation of job creation programmes. Martin, for instance argues that subsidies to private companies involve significant dead-weight and displacement effects (1998, p.20). Meager and Evans also show that direct job creation programmes in the public sector have significant employment effects (1998, p. 61). This, however, does not contradict the premises of the model developed by Layard and Nickel. In fact, the higher correlation between the expenditure in training and education programmes only confirms that the impact of ALMP on the employability of labour supply and, consequently, on employment.

¹⁷⁹ As expected, this also has consequences in final score of some of the cases that make more investment in ALMP. Thus, the SB in Denmark or the TTK in Finland, show a decrease in their respect for the Right to Personal Development. At the same time, cases that invest less in ALMP, such as the JSA in the UK or the ABW in the Netherlands, improve their position in the Index.

co-linearity might produce, it was decided to exclude opportunity-related variables from the following stages of analysis of the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development.

In conclusion, the results produced by traditional correlational tools do not cannot confirm the hypothesis that GMI schemes that show more respect Right to Personal Development, once labour market conditions are accounted for, present higher levels of employment effectiveness. Nonetheless, bearing in mind the SWA in Ireland, one can argue that is possible to combine a high respect for the individuals' Right to Personal Development and positive marginal employment effectiveness. In addition, the variation in the interaction between the different components of the Index and the marginal employment effectiveness of the schemes, seem to suggest that employment effectiveness of GMI schemes depends of the combination between different causal conditions, rather than on their additive effect.

6.2.2. QUALITATIVE COMPARATIVE ANALYSIS

This section will use Ragin's QCA to analyse the relation between the schemes' respect for the Right to Personal Development and their employment effectiveness. As seen earlier, QCA makes use of Boolean Algebra to analyse how a given outcome is produced by the presence or absence of certain conditions. Each case is seen as a combination of different causal conditions, which are understood in relation to one another and as constituting a particular configuration (Ragin 1987, p. 52, 92-3). Here, the dependent and the independent variables are represented using a binary nominal scale, where 1 means presence of a certain condition, and 0 means its absence. Once the raw data have been recoded in binary variables, or crisp-sets (or simply sets), they are presented in a Truth Table. Each row represents a logical combination of independent variables associated with a given output value of the dependent variable. The various combinations are then subjected to a minimisation procedure that allows the researcher to identify different explanatory combinations (Ragin 1987, p. 86-9)¹⁸⁰.

The application of Ragin's QCA will encompass three distinct moments. The first will entail mapping the different policy-configurations under analysis. The next stage will

¹⁸⁰ For a more detailed description of the functioning of QCA see Annex 5.

identify the causal combinations that condition the employment effectiveness of GMI schemes. The final stage will consist in using QCA to test the research hypothesis under examination.

6.2.2.1 Mapping diversity in Guaranteed Minimum Income schemes: creating crisp-sets and building a Truth Table

The first step in mapping the diversity of cases under analysis consists in the transformation of the variables used in the measurement of the scheme's respect for the recipients Right to Personal Development into crisp-sets (see notes ^a, ^b, ^c, ^d, ^e and ^f in Table 21). In order to reduce the loss of information associated with the creation of crisp-sets, the cross-over point¹⁸¹ will be defined in such a way as to reflect both qualitative and quantitative differences in the cases under analysis. Hence the option, for some variables, to create crisp-sets that identify cases that show more respect for the Right to Personal Development, rather than those that fulfil its ideal-type.

Nonetheless, in some variables, this process will still involve some loss of information. This is particularly visible in the set 'More effective schemes'. First of all, the set will not reflect the variations in the marginal employment effectiveness of the schemes, such as the BSHG in Germany, the ABW in the Netherlands, the TTK in Finland, or the JSA in the UK, where there were changes in the activation framework of GMI recipients¹⁸². Second, this set does not discern the strength of the schemes' marginal employment effectiveness. This is particularly problematic in those cases, such as the RMG in Portugal and the ABW before the introduction of the Jobseeker' Employment Act, where the value of marginal employment effectiveness indicator is close to 0. However, a sensitivity analysis has shown that this loss of information will not affect the results presented in the following paragraphs¹⁸³.

¹⁸¹ I.e. the point that determines if a given condition is present (1) or absent (0).

¹⁸² As argued earlier (section 6.2.1.), this might be related with increases in the recipients' opportunity to participate in education/training courses or job creation schemes.

¹⁸³ In order to eliminate the possible bias associated with this loss of information, a new analysis was performed, this time excluding the cases where the increase in investment in ALMP could have an impact in the percentage of recipients who find a job (BSHG99, SB98, ABW99 and JSA99), and where marginal effectiveness is close to 0 (RMG98, ABW97). For further details, see Annex 6.

Table 21 - Truth Table on the causes that produce More Effective Schemes

<i>Income needs are better satisfied ^a</i>	<i>More freedom to chose other activities instead of paid employment ^b</i>	<i>More freedom to choose the job one wants ^c</i>	<i>More freedom from discretion ^d</i>	<i>Use of restitutive sanctions ^e</i>	<i>More effective schemes ^f</i>	<i>Cases</i>
1	0	0	0	0	1	Dk -SB97
1	0	0	0	1	1	Dk -SB98
1	0	1	1	1	1	Irl - SWA98
0	0	0	0	1	1	Fin - TTK97; Fin - TTK99
0	0	1	1	0	1	UK - JSA97; UK - JSA99
1	1	0	0	1	0	NL - ABW97; NI - ABW99
0	0	0	0	0	0	Fr - RMI98; Pt - RMG98
0	1	1	0	1	0	De - BSHG97; De - BSHG99

a - Scoring Criteria

Here, it is assumed that those schemes where the average TDNFI as a % of the poverty line is above the mean (0.68) (see section 6.2.1.) belongs to the set 'Income needs are better satisfied'

b - Scoring Criteria

Here, it is assumed that schemes that recognise the right to provide child or family care or to perform unpaid work in social economy organisations (see section 6.2.2.) , belong to the set 'More freedom to choose other activities instead of paid employment'. This set excludes all the cases, such as the SB in Denmark, the RMG in Portugal, or the TTK in Finland, where recipients are allowed to provide care only when there is no alternative form of provision; and cases, such as the JSA in the UK, where recipients with care responsibilities are only entitled to reduce the number of hours of work they are expected to perform.

c – Scoring Criteria

Here, it is assumed that that schemes that allow recipients to refuse a job on the basis of their previous job, or their level of qualification (see section 6.2.3.), belong to the set 'More Freedom to Choose the Job One Wants'. This set excludes the ABW in the Netherlands, as it only provides a qualification-based exception for individuals with a university degree, which are not part of the traditional GMI target population.

d – Scoring criteria

Here, it is assumed that the cases where the funding and the administration of benefit is fully centralised (see section 6.2.4.), belong to the set ‘More Freedom From Discretion’.

e – Scoring criteria

Here, it is assumed that schemes where the application of benefit sanctions does not lead to the cessation of entitlement rights (see section 6.2.5.), belong to the set ‘Use of Restitutive Sanctions’.

f – Scoring criteria

Here, it is assumed that schemes that display a positive marginal employment effectiveness (see section 6.1.3.) belong to the set ‘More Effective Schemes’

Once the raw data has been recoded into binary variables, the various configurations are put together in a 'truth table' (Table 21). This shows us that, with the exception of Denmark, in most countries, the changes in the framework of the activation of GMI recipients did not produce a qualitative change in the schemes' respect for the Right to Personal Development. Table 21 also shows us that, with the exception of the RMG in Portugal and the RMI in France, there are significant differences in the cases under analysis. The result is that the 13 cases under analysis have produced 8 combinations.

Although there is a significant level of diversity in the sample under analysis, one still needs to determine to what degree this is representative of the complexity in the phenomena under analysis. This is important as it defines the possibility of extrapolating the results of this analysis to non-observed cases ¹⁸⁴ (Ragin 1987, p. 104-6). In order to achieve this, it is necessary to compare the number of combinations in the sample with all the possible logical combinations for the design of GMI schemes. Assuming that 32 combinations are possible¹⁸⁵, and that the cases under analysis only produce 8 configurations, one can conclude that the sample under analysis represents only 25% of all possible combinations. This rather limits the possibility of extrapolating the results of this analysis to non-observed cases.

Turning to the configurations on the Truth Table, one can observe that there is more diversity in the cases that are more effective at putting recipients back into the labour market. Here, one should highlight the SWA in Ireland as the scheme that shows the most respect for the recipients' Right to Personal Development. On the other hand, the TTK in Finland is the scheme that shows the least respect. As for the schemes that are less effective at returning recipients to the labour market, one should contrast the RMG in Portugal and the RMI in France, as the schemes that show the least respect for the recipients' Right to Personal Development, with the ABW in the Netherlands and the BSHG in Germany, as the those that show the most respect.

¹⁸⁴ Ragin discusses this in terms of the existence of 'limited diversity' in social reality (Ragin 1987, p. 104-6).

¹⁸⁵ According to Ragin (1987, p. 87), the number of logical combinations is defined according to the formula 2^k , where K is the number of independent variables under analysis. In this particular case, the number of logical combinations is equal to 2^5 , i.e. 32.

6.2.2.2. Analysing the employment effectiveness of GMI schemes

Having identified the policy-configurations in the cases under analysis, the next step will consist in the analysis of the causal conditions that determine the effectiveness of GMI schemes. As Ragin shows (1987, p. 93), this implies the application of the Boolean minimisation procedures¹⁸⁶ to the policy configurations that are more effective at returning recipients back to the labour market, first, and those that are least effective, second. This minimisation procedure consists of an experiment-like process where pairs of configurations, differing in just one cause, are compared in order to find a simpler expression. This is expected to determine the simplest way to explain a larger subset of configurations.

The application of minimisation procedures to the policy configurations that are more effective at returning recipients back to the labour market produced the following explanatory function:

$$\begin{aligned} \text{GMIEFF} = & \text{INCNEED} * \text{freeemp} * \text{freejob} * \text{freedisc} + \text{freeemp} * \text{freejob} * \text{freedisc} * \text{RESANCT} + \\ & \text{incneed} * \text{freeemp} * \text{FREEJOB} * \text{FREEDISC} * \text{resanct} + \\ & \text{INCNEED} * \text{freeemp} * \text{FREEJOB} * \text{FREEDISC} * \text{RESANCT}^{187\ 188} \end{aligned}$$

As can be seen, the minimisation procedure produced a fairly complex explanatory function. However, as Ragin suggests (Ragin 1987, p. 110-11), this can be simplified with the help of Boolean factoring¹⁸⁹. This produced the following explanatory function:

$$\begin{aligned} \text{GMIEFF} = & \text{FREEDISC} * \text{freeemp} * \text{FREEJOB} (\text{incneed} * \text{resanct} + \text{INCNEED} * \text{RESANCT}) + \\ & \text{freedisc} * \text{freeemp} * \text{freejob} (\text{INCNEED} + \text{RESANCT}) \end{aligned}$$

¹⁸⁶ This minimisation procedure follows a basic premise: “if two Boolean expressions differ only in one causal condition yet produce the same outcome, then the causal conditions that distinguishes the two expressions can be considered irrelevant and can be removed to create a simpler, combined expression” (Ragin 1987, p. 93).

¹⁸⁷ Uppercase signifies the presence in a set (1) and lowercase signifies the absence of from a set (0). For further details, see Annex 5.

¹⁸⁸ In Boolean algebra ‘+’ is the equivalent to the logical operator ‘OR’, and ‘*’ is the equivalent to the logical operator ‘AND’. For further details, see Annex 5.

¹⁸⁹ Boolean factoring involves the use of the commutative law, the associate law, the distributive law or the identity law. For further details, see Annex 5.

As seen earlier (section 4.2.2.1.), in QCA causation is described in terms of necessity (as in, when a cause is always present when an outcome occurs) and sufficiency (as in, when a cause can produce the outcome by itself). In line with the results produced earlier, the explanatory function suggests that restricting the individuals' freedom to choose other activities instead of employment is a necessary condition for more effective GMI schemes. Most importantly, bearing in mind the type of restrictions imposed on the individuals' choices over the type of activity they wish to perform (see section 5.2.2), this highlights the negative impact of the recipients' freedom to provide child care in the schemes' employment effectiveness.

One can identify two explanatory models of the employment effectiveness of GMI schemes. The first model, which can explain the effectiveness of the JSA in the UK and the SWA in Ireland, is based on a centralised structure of implementation (hence, with less room for discretion) where recipients have some freedom to choose the job they want, but that have significant restrictions on their freedom to choose the type of activity they wish to perform. This model, as it can be successfully articulated with a better satisfaction of the recipients' income needs and with a more restitutive sanction regime, can provide the most satisfactory option for combining the respect for the Right to Personal Development and the need to improve the scheme's employment effectiveness.

The second model, which can explain the effectiveness of the TTK in Finland and the SB in Denmark, is based on the combination of a decentralised structure of implementation (hence, with more room for discretion), and restrictions on the recipients' freedom to choose the type of activity and the job they wish to perform. Furthermore, in order to be effective, these schemes cannot combine higher level of benefits and the application of restitutive sanctions to recipients. This only reinforces the idea that decentralised schemes can only be effective by restricting the recipients' Right to Personal Development.

Having identified the causal combinations that explain the success of more effective GMI schemes, one can now turn to the analysis of the combinations that are less effective at returning recipients back to the labour market¹⁹⁰. The application of the Boolean

¹⁹⁰ Ragin suggests two methods for the analysis of negative cases (see Ragin 1987, p. 98-9). The first option is to apply Morgan's law to the function that identifies the casual conditions that explain the positive cases (see Annex 5). The second option consists in recoding the output variable in such a way that more effective schemes are classified as 0, and less effective schemes are classified as 1. The application of the traditional

minimisation procedures to less-effective policy-configurations produced the following explanatory function:

$$\text{gmieff} = \text{incneed} * \text{freeemp} * \text{freejob} * \text{freedisc} * \text{resanct} + \text{INCNEED} * \text{FREEEMP} * \text{freejob} * \text{freedisc} * \text{RESANCT} \\ + \text{incneed} * \text{FREEEMP} * \text{FREEJOB} * \text{freedisc} * \text{RESANCT}$$

As before, this can be further simplified:

$$\text{gmieff} = \text{FREEEMP} * \text{freedisc} * \text{RESANCT} (\text{INCNEED} * \text{freejob} + \text{incneed} * \text{FREEJOB}) + \\ \text{incneed} * \text{freeemp} * \text{freejob} * \text{freedisc} * \text{resanct}$$

The first term of the explanatory function reinforces the idea that decentralised schemes that show more respect for Right to Personal Development tend to be less effective at returning recipients to the labour market. Hence, whenever these schemes combine a restitutive sanction regime and more freedom to choose the type of activities recipients can perform, with either higher benefit levels or more freedom to choose the job one wants, they become less effective at moving recipients back into the labour market.

The second term of the explanatory function, which can be seen as reflecting the experience of the RMG in Portugal and the RMI in France, seems to contradict some of the ideas about the factors that condition the effectiveness of more discretionary/decentralised schemes. Hence, despite imposing restrictions on the recipients freedom to choose the activities and the job they want to perform, and imposing lower levels of benefits and more repressive sanctions, these schemes fail to present higher levels of employment effectiveness.

However, rather than questioning the results produced earlier, this second model seems to reflect the difficulties of QCA, given its rigid nature, to capture the specificities of the ‘social insertion’ paradigm that underpins the implementation of the RMI in France and the RMG in Portugal. One hypothesis is that the focus on social insertion (see sections 6.1.4 and 6.1.5.) de-prioritises the importance of finding work. The existing evidence on this topic is not conclusive. A survey carried out by INSEE in 1998 showed that close to 90%

Boolean minimisation procedures to this new Truth Table should allow us to identify the causal conditions/combinations that produce less effective schemes. Given the complexity of the first explanatory function (GMIEFF), it was decided to use the second option.

of the insertion contracts signed in France included job-search activities (see Lefevre and Zoyem 1999, p. 4). However, as Fraisse shows, this does not necessarily reflect the reality on the ground. According to the author (see 2002, p. 18), social workers tend to prioritise more employable recipients in the signature of insertion contracts, which might explain the importance of work-related actions in the contracts signed.

An alternative explanation is that, given the importance of social workers in the activation of the recipients (see section 6.2.2.), this can be the result of shortages in the availability of administrative resources for the implementation of the schemes. A good indicator of this is the fact that, at the local level, the percentage of RMI recipients with signed insertion contracts decreases as the percentage of unemployed recipients increases (see Fraisse 2002, p. 18). In Portugal, Cardoso and Ramos suggest that the lack of human resources is a significant obstacle in the social insertion of RMG recipients (2000, p. 83).

Finally, there is the possibility that the scheme's low employment effectiveness might be related to the complexity of their structure of delivery and implementation. As seen earlier (see sections 6.1.4 and 6.1.5.), in both cases the activation of recipients depends of the coordination between a variety of actors. However, the available evidence suggests that this is far from effective. In Portugal, Cardoso and Ramos show that the central role of regional social security services (CRSS), in the Local Support Committees, creates significant coordination problems in the delivery of services (Cardoso and Ramos 2000, p. 81). In France, Gautrat, Fraisse and Buccolo also report a lack of cooperation between the team of local integration counsellors and the public employment services (2000, p. 112)

6.2.2.3. Validation of the research hypothesis

This section will use QCA to test the empirical validity of the research hypothesis advanced earlier. As Ragin shows (1987, p. 118-21), this involves three, complementary, operations. The first step is to determine if the research hypothesis is confirmed by empirical data. The second step is to verify if, on the contrary, the existing empirical evidence rebuts the research hypothesis. The final step consists in identifying the shortcomings of the research hypothesis.

One can determine if the research hypothesis is confirmed by empirical data by mapping the areas of agreement between the research hypothesis (T'GMIEFF), and the function that explains the success of the schemes that are more effective at putting recipients back in the labour market (GMIEFF). Assuming that:

$$T'GMIEFF = INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT$$

and

$$GMIEFF = INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT$$

Then:

$$(T'GMIEFF)(GMIEFF) = (BASNEED*FREEACT*FREEJOB*DISCRET*RESTSANCT) (INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT)$$

$$(T'GMIEFF)(GMIEFF) = 0^{191}$$

The empirical analysis does not validate the hypothesis that GMI schemes that show more respect Right to Personal Development, once labour market conditions are accounted for, present higher levels of employment effectiveness. This obviously reflects the fact that restricting the recipients' freedom to choose the type of activities they wish to perform is a necessary condition to produce more effective GMI schemes.

In order to verify if the existing empirical evidence rebuts the research hypothesis it is necessary to intercept the latter (T'GMIEFF) with the explanatory function for less effective' schemes (gmieff). Assuming that:

$$T'GMIEFF = INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT$$

and

¹⁹¹ For a more detailed description of the minimisation procedure, see Annex 6.

$$(gmieff) = incneed*freeemp*freejob*freedisc*resanct + \\ INCNEED*FREEEMP*freejob*freedisc*RESANCT + \\ incneed*FREEEMP*FREEJOB*freedisc*RESANCT$$

then

$$(T'GMIEFF) (gmieff) = (INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT) \\ (incneed*freeemp*freejob*freedisc*resanct + INCNEED*FREEEMP*freejob*freedisc*RESANCT + \\ incneed*FREEEMP*FREEJOB*freedisc*RESANCT)$$

$$(T'GMIEFF) (gmieff) = 0^{192}$$

This confirms the idea that, although the existing data do not validate the research hypothesis, this cannot be rebutted either. In fact, as the SWA in Ireland shows, it is possible to articulate higher levels of employment effectiveness and a greater respect for recipients' Right to Personal Development.

In light of this, one can try to identify the shortcomings in the research hypothesis. This can be done by intercepting the causal combinations that were not theorized by the research hypothesis $(t'GMIEFF)^{193}$ and the function that explains the success of more effective schemes (GMIEFF). Assuming that:

$$tGMIEFF = incneed + freeemp + freejob + freedisc + resanct$$

Then:

$$(t'GMIEFF) (GMIEFF) = (incneed + freeemp + freejob + freedisc + resanct) \\ (INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + \\ incneed*freeemp*FREEJOB*FREEDISC*resanct + \\ INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT)$$

¹⁹² For a more detailed description of the minimisation procedure, see Annex 6.

¹⁹³ This can be done by applying Morgan's Law to the term that represents the research hypothesis $(T'GMIEFF)$, see Annex 5.

$$(\tau'GMIEFF) (GMIEFF) = INCNEED*freeemp*freejob*freedisc*resanct + \\ incneed*freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + \\ INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT^{194}$$

This function highlights two main ideas. First, in line with the previous paragraphs, that decentralised GMI schemes can be effective only by restricting the recipients' Right to Personal Development. Second, it again highlights the case of the SWA in Ireland, as that which displays the best articulation between the respect for the recipients' Right to Personal Development and effectiveness in returning recipients to the labour market.

6.2.3. CLUSTER ANALYSIS

This section uses cluster analysis to analyse the relation between the schemes' employment effectiveness and their respect for the Right to Personal Development. The first part of this section will combine hierarchical cluster analysis and K-cluster to identify the most adequate option to examine the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development. The following stage will explore the relation between the two variables, by cross-tabulating the GMI clusters with the cases' marginal employment effectiveness.

6.2.3.1. Identifying GMI clusters

This section will combine hierarchical cluster analysis and K-means cluster analysis to most adequate option to examine the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development. Whereas the hierarchical cluster analysis will identify the natural clusters in the sample, the K-means cluster analysis, as it allows the researcher to uncover the relative importance of the different variables in the clustering process and to map the internal consistency of the clusters will be of help in identifying the final cluster solution.

¹⁹⁴ For a more detailed description of the minimisation procedure, see Annex 6.

If one applies hierarchical cluster analysis to the available data¹⁹⁵, this produces the following clusters:

Table 22 – Clusters of GMI schemes, using hierarchical cluster analysis

	<i>Cases</i>
Cluster 1	De - BSHG97 De - BSHG99 Dk - SB98 NL - ABW97 NL - ABW99 Fin - TTK97 Fin - TTK99
Cluster 2	Fr - RMI98 Pt - RMG98 Dk - SB97
Cluster 3	Irl - SWA98 UK - JSA97 UK - JSA99

When compared with the results produced by QCA, the hierarchical cluster analysis confirms the similarities between the JSA in the UK and the SWA in Ireland. Furthermore, although it recognises the similarities between the Portuguese RMG and the French RMI, these are included in the same cluster as the SB, before the introduction of the Act on Active Social Policy. Finally, this method puts together a series of decentralised schemes that QCA has, however, shown to have significant differences among them.

¹⁹⁵ In order to produce more robust clusters, it was decided to use the ‘complete distance’ method (see Maroco 2003, p. 304). In order to test for the impact of different clustering methods, the ‘single linkage’ method was also used. However, despite slight variations in the distance coefficient, both methods produced the same outcome.

Table 23 - Cluster membership and distance from cluster centre, using K-Means cluster analysis

<i>Case</i>	<i>K= 3</i>		<i>K= 4</i>		<i>K= 5</i>		<i>K= 6</i>		<i>K= 7</i>		<i>K= 8</i>	
	<i>Cluster</i>	<i>Distance</i>	<i>Cluster</i>	<i>Distance</i>	<i>Cluster</i>	<i>Distance</i>	<i>Cluster</i>	<i>Distance</i>	<i>Cluster</i>	<i>Distance</i>	<i>Cluster</i>	<i>Distance</i>
De - BSHG97	2	.390	1	.390	1	.000	1	.000	1	.000	1	.000
De - BSHG99	2	.390	1	.390	1	.000	1	.000	1	.000	1	.000
Dk - SB97	3	.357	3	.357	3	.357	3	.000	3	.000	3	.000
Dk - SB98	2	.319	1	.319	4	.196	5	.196	4	.192	4	.116
NL - ABW97	2	.300	1	.300	4	.260	5	.260	5	.005	5	.005
NL - ABW99	2	.292	1	.292	4	.254	5	.254	5	.005	5	.005
Fr - RMI98	3	.230	3	.230	3	.230	6	.157	2	.157	8	.157
Pt - RMG98	3	.245	3	.245	3	.245	6	.157	2	.157	8	.157
Irl - SWA98	1	.426	4	.000	5	.000	2	.000	6	.000	2	.000
Fin - TTK97	2	.283	1	.283	4	.255	5	.255	4	.103	4	.116
Fin - TTK99	2	.269	1	.269	4	.271	5	.271	4	.202	6	.000
UK - JSA97	1	.267	2	.150	2	.150	4	.150	7	.150	7	.150
UK - JSA99	1	.254	2	.150	2	.150	4	.150	7	.150	7	.150

Table 23 shows that, if one specifies a 3-cluster solution, the K-means cluster analysis will produce the same outcome as hierarchical cluster analysis. Furthermore, as the analysis of variance shows, whereas in QCA schemes' are combined according to the level of discretion (which is obviously dependent of the structure of implementation) and the freedom for recipients to choose the activity and the job they wish to perform, here clusters are aggregated according to the character of the sanctions regime and, to a lesser degree, of the level of discretion. This explains why the SB, prior to the Act on Active Social Policy, is included in the same cluster as the French RMI and the Portuguese RMG, as all of them present the most repressive sanctions regimes. It also explains the existence of a cluster of decentralised schemes that display a more restitutive sanction regime.

The indicator that measures the cases' distance from the cluster centre provides a good measure of the internal consistency of the clusters. As can be seen in Table 23, this indicator highlights the inadequacy of the inclusion of the SB, before the introduction of the Act on Active Social Policy, in the same cluster as the RMI in France and the RMG in Portugal. Furthermore, the indicator reflects the level of internal heterogeneity in the cluster of decentralised schemes, which had been unveiled with the use of QCA.

Table 24 – Analysis of variance (ANOVA)

	<i>K</i> =3	<i>K</i> =4	<i>K</i> =5	<i>K</i> =6	<i>K</i> =7	<i>F</i> <i>K</i> =8
Zscore(INCNEED)	.443	.420	2.107	2.882	6.628	8.509
Zscore(FREEMP)	7.377	4.467	3.225	2.317	2.009	1.435
Zscore(FREEJOB)	7.575	8.688	29.538	20.677	.	.
Zscore(FREEDISC)	26.769	16.062	14.857	50.225	220.250	210.000
Zscore(RESANCT)	52.990	72.882	50.130	35.091	45.917	.

Some might argue that the discrepancies found between the 3-cluster solution produced by the hierarchical cluster analysis and the policy-configurations produced by QCA could be resolved by increasing the number of possible clusters in K-means cluster analysis. However, as both Tables 23 and 24 show, this is not the case. Even if one assumes a 8 cluster solution, which would match the number of configurations produced by QCA, there are, nonetheless, noticeable discrepancies¹⁹⁶. This can be explained by the fact that, as the

¹⁹⁶ For instance, the Irish SWA would no longer be in the same cluster with the British JSA. Furthermore, the TTK in Finland, prior to the New Social Assistance act, would sit together the Danish SB, after the introduction of the Act on Active Social Policy.

number of cluster increases, the level of discretion and the restitutive/repressive character of the sanctions regime become ever more important in the process of cluster formation. In light of this, it will be argued that the 3-cluster solution, as that which provides the simplest outcome, is the most adequate option to examine the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development.

6.2.3.2. Analysing the employment effectiveness of GMI clusters

This section will look at relation between the schemes' respect for the Right to Personal Development and their employment effectiveness, by cross-tabulating the GMI clusters produced earlier with the cases' marginal employment effectiveness. This can be done by analysing the possible discrepancies in the marginal employment effectiveness of the cases in light of qualitative aspects of cluster formation, namely the internal consistency of the clusters and the relative importance of different variables in cluster formation.

Table 25 –Marginal effectiveness per GMI cluster

<i>Cluster</i>	<i>Cases</i>	<i>GMI Marginal Effectiveness</i>
Cluster 1	De - BSHG97	-6.65
	De - BSHG99	-12.05
	Dk - SB98	4.15
	NL - ABW97	-1.29
	NL - ABW99	-5.75
	Fin - TTK97	6.45
	Fin - TTK99	8.97
Cluster 2	Dk - SB97	5.54
	Fr - RMI98	-9.58
	Pt - RMG98	-1.36
Cluster 3	Irl - SWA98	3.55
	UK - JSA97	5.43
	UK - JSA99	2.58

Unfortunately, as it does not expose any discrepancies between the cases in the third cluster, Table 25 does not add much to explain the employment effectiveness of centralised schemes. This is not, however, the case of the first and second clusters.

Bearing in mind the importance of the restitutive/repressive character of sanctions in the clustering process (see Table 24), the differences in marginal effectiveness among the cases that compose the first cluster suggest that the character of the sanctions regime cannot explain the differences in the employment effectiveness of decentralised GMI schemes. In light of this, one cannot exclude the possibility advanced earlier (section 6.2.2.3.), that the employment effectiveness of decentralised schemes depends on the restrictions to recipients' freedom to choose other activities instead of paid employment.

The discrepancy in the values of the marginal employment effectiveness between the Danish SB, prior to the introduction of the Act on Active Social Policy, and the Portuguese RMG and the French RMI, seems to confirm the internal inconsistency of the second cluster. Bearing in mind the importance of the structure of implementation in the clustering process, which would explain the differences in the distance from the cluster centre among the cases (see Table 23), one cannot exclude the hypothesis that the specificity of the structure of implementation of the French and Portuguese schemes may hamper their employment effectiveness.

6.3. REVIEWING THE EVIDENCE

This section evaluates the hypothesis, that GMI schemes that show more respect for the Right to Personal Development, once labour market conditions are accounted for, will present higher levels of employment effectiveness. As the previous sections show this hypothesis is not confirmed by the available empirical evidence. This is not to say that the hypothesis has therefore been refuted. The use of correlational measures showed that there is no systematic relation between the two variables, which allows for the possibility that improving the schemes' respect for the Right to Personal Development might not necessarily have negative consequences on their ability to return recipients back to the labour market. The use of Ragin's QCA showed that some schemes can, with the exception of the freedom for recipients to choose other activities instead of paid employment, combine a higher level of respect for the Right to Personal Development with higher levels of employment effectiveness.

This reflects the complexity of the processes that condition the employment effectiveness of GMI schemes. First, as the previous paragraphs show, this is conditioned by the ability of labour markets to create new jobs for unemployed persons. This in turn is influenced by the level of investment in ALMP. As a consequence, one can argue that improving the recipients' opportunities to work or participate in training/education courses, even if indirectly, may increase the employment effectiveness of GMI schemes.

This complexity is also reflected in the low, and contradictory, pattern of correlation between the dimensions of the normative framework and the schemes' marginal employment effectiveness. The exception here is the recipients' freedom to choose other activities besides paid employment, which, as confirmed by QCA, plays a fundamental role in explaining the employment effectiveness of GMI schemes.

In this context of causal complexity, one cannot but highlight the usefulness of QCA in uncovering how the employment effectiveness of GMI depends on the articulation between the schemes' structure of implementation and the recipients' freedom to choose the type of activity and the type of job they want to perform. This is particularly visible in the case of decentralised GMI schemes that can only be more effective by restricting the recipients' freedom of choice.

One can also point that the existing evidence fails to confirm the existence of unemployment traps in GMI schemes. In fact, in the cases under analysis there is a positive correlation between the employment effectiveness of GMI schemes and the TDNFI of recipient households. The existing data also fails to confirm the idea that more repressive sanction regimes are more effective at putting recipients back to the labour market. However, as the results produced by cluster analysis shows (section 6.2.3.2), there is nothing to suggest that restitutive sanctions are necessarily more effective. If anything, this study suggests that more research on this topic is required.

Finally, the available evidence does not provide a conclusive account as to the reasons that justify the problems of the French RMI and, to a lesser degree of the Portuguese RMG, in returning recipients to the labour market. Earlier, three possible explanations were advanced: the importance given to the need to find work relative to other aspects of the social insertion process; the centrality given to social workers in the delivery of the

scheme; and the complexity of the structure of implementation. If anything, the results of the cluster analysis seem to reinforce the importance of the last option, in explaining the low employment effectiveness of social insertion-based schemes.

6.4. CONCLUSION

This chapter sought to test the hypothesis that GMI schemes that show more respect for the Right to Personal Development, once labour market conditions are accounted for, present higher levels of employment effectiveness. The chapter started by showing that, when labour market conditions are taken into account, the TTK in Finland is the most effective scheme at returning recipients to the labour market. In contrast, the BSHG in Germany, especially after the introduction of the Social Code, and the RMI in France are the schemes that are the least effective. The RMG in Portugal and the ABW in the Netherlands, especially after the introduction of the Jobseekers Employment Act, also show a negative marginal employment effectiveness.

The remaining sections show that, considering the results produced by correlational tools, QCA and cluster analysis, the available data does not confirm the research hypothesis advanced earlier. However, this does not mean that the hypothesis can therefore be refuted. In fact, as Ragin's QCA shows, some schemes can, with the exception of the level of freedom for recipients to choose other activities instead of paid employment, combine a higher level of respect for the Right to Personal Development with higher levels of employment effectiveness.

7. CONCLUSION

The purpose of this thesis was to provide a valuable and innovative contribution to the debates prompted by the activation of GMI recipients. To the question as to what could justify the right to a minimum income, this thesis argues that the latter can only be justified in terms of the recipients' Right to Personal Development. Second, to the question on whether one can identify any kind of systematic relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development, in the context of different labour market conditions, this thesis showed that with the exception of the freedom to choose other activities instead of paid employment, it was possible to combine a higher respect for the Right to Personal Development with higher levels of employment effectiveness.

However, as the previous chapters highlighted, there are significant restrictions to the possibility of generalising the empirical results produced here to non-observed cases. This is, first of all, limited number of cases available for analysis. As the previous sections show, the available sample of cases limits the ability of extracting more solid results from the use of correlational tools (see section 6.2.1.), and only reflects a limited portion of the of the internal diversity of the phenomena under analysis (see section 6.2.2.). Furthermore, there are also restrictions related with the historical context of the cases under analysis. Since then, a number of changes have been introduced in both GMI schemes and in the ALMP in various EU member countries, which might of course contradict the results produced here.

A final restriction is related with the impossibility, given the limited number of observations offered by ECHP, to control for how the relation between the schemes' employment effectiveness and their respect for the Right to Personal Development varies per different groups of GMI recipients, such as lone parent families, long-term unemployed or members of ethnic minority groups. In light of this, the results here should be interpreted with reference to the cases under analysis, and any possible extrapolations should carefully contextualised. Despite these limitations, as the following sections will show, this study does make some relevant contributions at the theoretical, methodological and policy level.

7.1. CONTRIBUTIONS MADE BY THE THESIS

This section will review the main contributions made by this thesis. The first two sections will focus on the thesis contribution to the literature on the right to a minimum income and on the employment effectiveness of GMI schemes. The remaining sections will focus on the contributions at the methodological and policy level.

7.1.1. EXPANDING THE LITERATURE ON THE RIGHT TO A MINIMUM INCOME

Reflecting on the problems faced by the arguments posed by Lawrence Mead and Philippe Van Parijs, which typify the fundamental standpoints in the debate on the right to a minimum income, this thesis argues that a more satisfactory justification is possible. This alternative must be set in the context of an ontological framework that puts a focus on the promotion of the individuals' personal development, but recognises its social basis, and the obligations that it imposes on them; and encompasses a more critical view of the role of the market as a mechanism of social regulation.

Chapter 3 demonstrates that that Durkheim's theory of social justice, as it makes provides an ontological framework which is able to establishing a relationship between organic solidarity, personal development and social obligation, can provide the basis for a more satisfactory justification of the right to a minimum income. Building on Durkheim's theory of social justice, the chapter then argues that individuals have a Right to Personal Development.

Consequently, the thesis argues that the Right to Personal Development can provide an adequate justification of the right to a minimum income. This can be best illustrated by confronting this normative framework with the arguments posed by Mead and Van Parijs. As seen earlier, Van Parijs argues for the introduction an unconditional BI as a form of achieving a just society (1997, p. 30). However, as Barry, Van Donselaar and White show (see section 2.3.2.), this would unfairly favour those who do not want to work. In light of this, it can be argued that the Right to Personal Development, which recognises that the right to a minimum income should be made conditional on the fulfilment of the

obligation to exploit one's talents, provides a more adequate justification of the right to a minimum income.

The Right to Personal Development, although it agrees with Mead's argument that the right to a minimum income should be made conditional on the fulfilment of individual obligations, provides a more suitable perspective on the conditions under which the latter are enforced. Mead suggests that the enforcement of obligations is legitimate regardless of the opportunities available to individuals. However, as Gutmann and Thompson (1996) or Etzioni (1997) argue, this would be tantamount to unbalanced reciprocity. The Right to Personal Development, as it requires that individuals have effective opportunities to exploit their talents, provides a more adequate justification of the right to a minimum income.

Finally, Mead argues that paid employment is the main form through which individuals can fulfil their obligations to society. However, as Lewis (1998) and Gorz (1992) show, this neglects the contributory potential of other activities such as care work, or unpaid work for the community. The Right to Personal Development, as it recognises the contributory potential of a variety of activities, such as paid employment in the private or public sector, paid or unpaid work in social economy organisations, parental care, or care of infirm, disabled or old persons, provides a more adequate justification of the right to a minimum income.

7.1.2. EXPANDING THE LITERATURE ON THE EFFECTIVENESS OF GMI SCHEMES

This thesis provides a relevant contribution to the literature on employment effectiveness of GMI schemes. In particular, in proposing a technique to adjust the schemes' employment effectiveness to labour market conditions, this thesis opens new opportunities for the comparative study of the employment effectiveness of GMI schemes in Europe. Moreover, given the number of cases covered in this study, it fills some of the existing gaps in the coverage of the literature on the employment effectiveness of GMI schemes.

Thirdly, the thesis contributes to the analysis of the interaction between the functioning of labour markets, the impact of ALMP and the employment effectiveness of GMI schemes.

As the previous chapter shows, the employment effectiveness of GMI schemes is related to the ability of labour markets to create new jobs for unemployed persons. However, as the model developed by Layard and Nickel (1986) had already suggested, this in turn is influenced by the level of investment in ALMP. This also suggests that the employment effectiveness of GMI schemes must be analysed in the context of the overall frameworks that regulate the functioning of the labour markets (i.e., employment protection, wage policy, human capital development institutions, etc.).

Fourthly, this thesis provides a more comprehensive analysis of the mechanisms that condition the employment effectiveness of GMI schemes. As Chapter 4 shows, the existing literature tends to focus on the independent impact of activation programmes and mechanisms on the employment effectiveness of GMI schemes. This thesis, by combining the analytical potential of traditional quantitative methods and QCA, is able to show how different policy variables work both independently and in combination with each other.

7.1.3. CONTRIBUTION TO METHODOLOGY

This thesis made two important methodological contributions. First, when compared with other relevant studies in the literature (such as that developed by Nicaise *et al.* (2003)), this thesis provides a more sophisticated methodology to measure transitions to work using ECHP data. As seen earlier (section 4.2.4.2. and 4.2.4.3.), this methodology, although it might be open to the charge of underestimating the actual number of transitions from benefit to work, has two important advantages. First, this methodology eliminates possible sources of error in the measurement of the employment effectiveness of GMI schemes, namely the presence of individuals who are not available for work and the measurement of transitions to subsidised work. Second, it recognises that the employment effectiveness of GMI schemes is dependent on the overall ability of labour markets to create jobs for unemployed persons, and provides a technique to adjust it.

Second, the thesis provides an additional confirmation of the heuristic potential of the combination of traditional quantitative methods with Ragin's QCA (see also Kangas 1994). QCA was of value in mapping the variety of policy-configurations in the sample of cases under analysis, and unveiling the complexity of the relation between the schemes'

employment effectiveness and their respect for the Right to Personal Development. Correlational measures were particularly useful in clarifying the interaction between the ability of labour markets to create jobs for unemployed persons, the impact of ALMP, and the schemes' employment effectiveness. In fact, as the previous chapter shows, there are noticeable advantages in the use of correlational tools in the selection of the variables that are to be included in QCA. Cluster analysis was especially useful in highlighting the importance of the structure of implementation in explaining the low employment effectiveness of the French RMI and the Portuguese RMG.

7.1.4. CONTRIBUTION TO POLICY

At the policy-level, the results produced seem to confirm the suggestions about the low employment effectiveness of GMI schemes¹⁹⁷. As seen earlier (see section 6.1.1.), in average, only a quarter of the beneficiaries available for work are able to find a non-subsidised job within one year. This of course is a matter of concern as it means that a great number of recipients are still locked in unemployment or activation programmes that do little to improve their job prospects. At the same time, this highlights the need to improve the employment effectiveness of GMI schemes as part of an overall strategy to reduce unemployment in Europe.

But more than just illustrating the low employment effectiveness of GMI schemes this thesis provides a new insight on the factors that influence it. In particular, the thesis highlights the importance of the way policy-makers define the recipients' freedom to choose other activities instead of paid employment to the schemes' employment effectiveness. The results show that schemes that allow recipients to provide childcare, regardless of the existence of alternative form of provision, present lower levels of employment effectiveness. Bearing in mind the example of the SB in Denmark, one could argue that one way of reconciling the need to provide care to the recipients' offspring and the requirement for higher employment effectiveness, is to combine restrictions on the recipients' freedom of choice with a strong framework of public provision of childcare.

¹⁹⁷ This could also make a case for the need for to further research on the cost-effectiveness of the increased bureaucratic structure needed to activate GMI recipients when compared with non-mandatory programmes (Standing 2002, p. 185).

Notably, this thesis does not corroborate the literature on the unemployment traps of income support benefits (see Carone *et al.* 2004). If anything, QCA suggest that these might be a relevant variable in more decentralised schemes (see section 6.2.2.2.) However, looking at the SB in Denmark and the SWA in Ireland, one can observe that these schemes present some of the highest levels of net income and are still able to present higher levels of employment effectiveness. This might be related to the fact that the job-search model that underpins the literature on unemployment traps assumes that the individuals' behaviour is purely voluntary. However, the introduction of activation requirements, and related sanctions, invalidates this assumption. In light of this, and bearing in mind the evidence produced by this thesis, one can make an argument for the need to close the gap between the recipients' net income and the poverty line.

Another relevant contribution is related to the impact of sanctions on the employment effectiveness of GMI schemes. Although it does not include schemes that do not impose sanctions on GMI recipients, this study nonetheless provides a first attempt to develop a comparative analysis of the impact of sanctions in the employment effectiveness of GMI schemes. Not only that, this study shows that more repressive sanction regimes are not more effective in returning recipients back to the labour market. If anything, reflecting on the French RMI and the Portuguese RMG, one can argue that sanction regimes should have a more progressive character as to enable social workers to make a more effective use of them.

Fourthly, this thesis shows how the employment effectiveness of GMI schemes must be analysed in the context of the structures that secure their implementation. As mentioned earlier, decentralised schemes (hence more discretionary) can only be more effective by putting more restrictions on the recipients' freedom to choose other activities besides paid employment or to choose the job they wish to perform. More centralised schemes, on the other hand, can be effective, even if they give recipients more freedom to choose the job they want. Furthermore, the evidence on the French RMI and the Portuguese RMG seems to suggest that schemes that depend on the coordination of different agencies will be less effective at returning recipients to the labour market.

Finally, this thesis shows that the requirements of fairness and effectiveness are not necessarily contradictory. In what the cases under analysis are concerned, the thesis shows

that, with the exception of the recipients' freedom to choose other activities besides paid employment, much of the dimensions that measure the respect for the individuals' Right to Personal Development do not harm the employment effectiveness of GMI schemes. However, rather than arguing for the possibility of restricting the individuals' freedom to choose, one should instead reflect on the centrality given to paid employment in the activation of GMI recipients.

Going back to the analysis of the main standpoints on the basis of the right to a minimum income, this thesis shows that the centrality given to paid employment as a form of reciprocating the support of society reflects a certain view of society where the market is assumed as the main mechanism of social regulation. The Right to Personal Development reflects a more comprehensive view of the functioning of society and a more critical view of the role of the market as a mechanism of social regulation. This provides the basis for a new understanding of activation policies. Rather than focusing on paid employment alone, this should cover a variety of activities that satisfy a social need, i.e., that fulfil a social function. Besides opening ways for a broader spectrum for the personal development of individuals, this would have a positive impact on the functioning of society, thus reinforcing social solidarity.

7.2. REFLECTIONS ON THE RESEARCH PROCESS

As with every other piece of research, it is necessary to look beyond the immediate results that have been produced. This section will discuss, first, the way in which the one can expand the knowledge on the relation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development. Second, it will consider ways of improving and expanding the role of this normative framework in the debate over the right to a minimum income. Thirdly, it will discuss how this thesis can contribute to the debate about the reform of the European welfare states.

7.2.1. POSSIBLE IMPROVEMENTS TO THE STUDY

The results produced by this thesis were limited by the restrictions in the data available to measure the transitions from GMI to work (see section 4.2.3). Hence, a data-source that

would provide a larger number of cases, and for a longer period of analysis, would allow a number of improvements¹⁹⁸. For instance, it would allow for the inclusion of schemes for which there are currently no reliable data, or even the use multiple-regression tools to analyse the relation between the schemes' employment effectiveness and their respect for the Right to Personal Development.

Not only that, it would allow to test if the results produced here are confirmed when the analysis is focussed on specific groups of GMI recipients, such as heads of lone parent families, long-term unemployed or members of ethnic minority groups. Furthermore, it would allow for a deepening of the analysis of how this relation is dependent on the type of activation programme that is offered to recipients. Finally, it would enable for the use of longer lags in the measurement of transitions from benefit to work, which, as the study developed by Bloom and Michalopolous shows (2001), could provide a more elaborate understanding of the impact of education/training programmes on the employment effectiveness of GMI schemes.

On a different level, one can also consider how different methodologies could be of use in the analysis of the relation between the schemes' employment effectiveness and their respect for the Right to Personal Development. In particular, and bearing in mind the difficulties of the study developed by Dahl and Pedersen (2002), one option would be to develop a set of methodologically comparable quasi-experimental evaluations which would provide a labour market-adjusted measure of the schemes' employment effectiveness.

7.2.2. EXPANDING THE STUDY OF THE RIGHT TO PERSONAL DEVELOPMENT IN GMI SCHEMES

The Right to Personal Development has other implications in the debate on the right to a minimum income that have not been considered here. One aspect that requires further investigation concerns the type of minimum income scheme that can best support the individuals' Right to Personal Development. In particular, it is necessary to investigate if

¹⁹⁸ One option would be to use the Survey on Income and Living Conditions (SILC) introduced by the EU in 2003 to replace ECHP (see Commission of the European Communities, 2003).

the Right to Personal Development can be best protected by a means-tested guaranteed minimum income, or by an universal benefit similar to Atkinson's 'participation income',¹⁹⁹ (Atkinson 1986). Not only that, further research should try to analyse to what degree the individuals' Right to Personal Development can be enhanced by alternative redistributive policies, such as 'stakeholder grants',²⁰⁰ proposed by Ackerman and Alstott (2006, p. 45), developmental grants (such as as 'ACE accounts',²⁰¹ proposed by Nissan and LeGrand (2006, p. 127)) or 'universal citizen's accounts',²⁰² as proposed by Stuart White (2006, p. 82).

Bearing in mind the suggestion made earlier (section 7.1.4.) that the activation of GMI recipients should reflect a broader understanding of the functioning of society, and of the activities that recipients can be asked to perform, further effort should be put in researching how GMI schemes enable individuals to pursue other forms of personal development besides paid employment. This entails a new understanding of the effectiveness of GMI schemes that captures the individuals' ability to participate in education or training, to provide care or perform unpaid work in social economy organisations.

Furthermore, recognising the connection between the respect for the individuals' Right to Personal Development and the promotion of social solidarity, further research should focus on the role of GMI schemes, whilst promoting the individuals' Right to Personal Development, in reducing levels of crime, anti-social behaviour, family breakdown, suicide rates, etc., or improving the general level of life satisfaction.

¹⁹⁹ Atkinson's participation income consists of a basic income conditional on social participation. Here, all individuals working as an employee or self-employed, unable to work, unemployed but available for work, in education or training, providing care, undertaking voluntary work and above retirement age would be entitled to a minimum income (1996, p. 68-9).

²⁰⁰ Ackerman and Alstott propose that, in order to guarantee equality of opportunities, each individual who, at the age of 21, has graduated from secondary education and has not committed any crime, should be entitled to a just share of the wealth created by previous generations (2006, p. 435).

²⁰¹ In contrast with capital grants (as those proposed by Ackerman and Alstott (2006)) where individuals are completely free to spend their stake in whatever they want, developmental grants can only be spent on developmental, asset-building, purposes. Nissan and LeGrand's Accumulation of Capital and Education (ACE) accounts consist of grants from which individuals' would be allowed to draw money to pay for asset-building purposes, such as, education and training, business start-up costs of housing down-payments (White 2006, p. 78-9; LeGrand 2006, p. 127).

²⁰² These accounts combine a generous developmental grant with a citizen's income subjected to an (enlarged) work-test, which can only be enjoyed for a period of two or three years over the life-course (White 2006, p. 82).

7.2.3. THE RIGHT TO PERSONAL DEVELOPMENT AND THE REFORM OF WELFARE-STATES IN EUROPE

The persistence of structural unemployment that prompted the introduction of activation requirements in GMI schemes is one of the most visible symptoms of the difficulties experienced by advanced economies. As Ferrera and Rhodes argue (2000, p. 257), these difficulties require new ways of reconciling efficiency and equality, growth and redistribution, competitiveness and solidarity, fairness and effectiveness. This section will discuss the contribution of this thesis to the debate about the reform of European welfare states. It will do so by confronting some of the most relevant standpoints in this debate (social investment, flexicurity and transitional labour markets) with the main findings of this thesis.

The notion of social investment, initially proposed by Giddens (1998), and further developed by Midgley (2001), has influenced the reform agenda pursued by the UK's New Labour government and, less explicitly, the reform of EU policies (see Perkins, Nelms and Smyth 2004, p. 7-11). Underlying this notion is an attempt to reconcile the need for economic development with the promotion of social justice (see Midgley 2001, p. 158-9; Giddens 1998, p. 104-17). Although some attention is given to the need to preserve the role of the state in preventing the growth of inequality, and the exclusion of large groups of the population from the productive sphere, the objective is to shift the focus of welfare policies from redistribution and consumption, to the investment in people's abilities and the enhancement of their capacity to participate in the productive economy.

Despite some significant differences in the arguments posed by Giddens and Midgley²⁰³, one can identify a set of common proposals that embody the notion of social investment. At the core of the social investment approach is the promotion of human capital formation, as a key lever for participation in the productive economy. This is to be complemented by other measures that facilitate economic participation, such as securing child-care, eliminating work disincentives in benefit systems, creating public or sheltered employment schemes for those with employability problems, or fostering the entrepreneurial spirit of

²⁰³ A particular difference concerns the role of sanctions in the promotion of work availability for income support recipients. Where Giddens sees the use of work requirements as eliminating the moral hazard associated to income benefits (see 1998, p. 122), Midgley argues that instead policy-makers should put more of an effort into providing the skills needed to become economically active (see 2001, p. 159).

unemployed persons. In addition, there is a particular emphasis on the role of local communities in the personal development of individuals. Finally, the social investment approach puts a significant focus on the need to improve the cost-effectiveness of welfare expenditure (see Midgley 2001, p. 159-66; Giddens 1998, p. 118-28).

As the previous paragraph showed, most of the strategies mentioned above can be broadly seen as enabling the individuals right to exploit their talents. However, as Gooding points out, this productivist approach is fundamentally concerned with the smooth supply of labour to the productive sectors of the economy (2001, p. 14). Hence, it is the requirement for effectiveness that will circumscribe the basis for the definition of fairness. In this context, even if it would support some of the strategies promoted by the social investment approach, this thesis provides a significant challenge to this standpoint. As the previous chapters show, putting a focus on respect for the individuals' rights, in this case on their Right to Personal Development, does not necessarily reduce the supply of labour to the economy.

The concept of flexicurity can be seen as an attempt to reconcile the need for further flexibilisation of labour markets and work organisations, seen as a condition to improve competitiveness and promote economic growth, and the need for socio-economic security, seen as a means of preserving social cohesion in European societies (see Wilthagen 2003, p. 2-4). Although it can be traced back to the reform of the Dutch labour market in the 1990s, the concept of flexicurity has become influential across Europe. For instance, the European Employment Strategy encourages social partners to negotiate strategies that allow companies to achieve an adequate balance between flexibility and security (Council of the European Union 2003, p. 18).

As Wilthagen shows (2004), flexicurity policies can be analysed as trade-offs between various forms of flexibility²⁰⁴ and security²⁰⁵. Although, it does not set the requirement for

²⁰⁴ The flexibility side of this binomium refers to the employers ability to adjust the number of employees to existing needs (internal numerical flexibility), to adjust the number and distribution of working hours (external numerical flexibility), to move their employees from one task or department to another, or to change the content of their work (functional flexibility) and to adjust wages to existing competitive conditions (externalisation flexibility) (Tangian 2004, p. 16).

²⁰⁵ Security here, refers to the protection of employees against dismissal and significant changes of working conditions (job security), the ability of individuals to remain at work, even if not the same employer (employment/employability security), income protection out of work (income security) and the ability to

economic effectiveness as the main criteria for the definition of social rights, the notion of flexicurity still assumes that the two dimensions are fundamentally contradictory. This thesis contradicts that idea. For instance, the thesis shows that satisfying the individuals' income needs (income security) does not necessarily reduce their availability to work, nor the companies' external numerical flexibility.

The notion of 'transitional labour markets' (TLM) was introduced by Gunther Schmid (1998), and has been receiving growing attention in political and academic circles. The author sees transitional labour markets, together with increased economic growth as the solution to the unemployment problem that have troubled European economies for the past two decades (Schmid 1998, p. 1-2). Underlying the notion of TLM is an innovative understanding of the meaning of full-employment in modern economies. Schmid sees full-employment as a situation where both men and women are expected, throughout their life course, to work an average of 30 hours per week. Rather than a mere reduction in the working time individuals are expected to perform, this new understanding includes periods of 'transitional unemployment', and various forms of 'transitional employment', such as short-term work, part time work, training and retraining, sabbaticals, parental or career leaves. Transitional labour markets consist of the institutional arrangements that make transitional employment available (Schmid 1998, p. 4-5).

In order to achieve this objective, 'good' transitional labour markets should follow the following criteria:

- Equipping individuals with the necessary resources to adjust successfully to critical events (empowerment);
- Supporting transitions back to the regular labour market by activating income benefits and making work pay (sustainable employment and income);
- Provide a new balance between centralised regulations and self-organisation (flexible co-ordination);
- Involving civil society in the fight against unemployment, by stimulating local networks and promoting public-private-partnerships (co-operation) (Schmid 1998, p. 10).

In contrast with previous standpoints, the TLM approach, in valuing employment both as a source of social integration and as a means to promote economic growth, does provide a consistent attempt to reconcile the requirements of fairness and effectiveness. However, this framework still fails to recognise that individual rights are supposed to protect the individuals' right to develop their abilities, rather than just adjusting to critical events. Nonetheless, one can argue that the TLM approach, in providing a more comprehensive view of the interaction between labour markets and other social systems, provides an interesting background for the integration of this thesis in the debate over the reform of European welfare states.

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ANNEXES

**ANNEX 1 – DISPOSABLE INCOME AS A PROPORTION OF
THE POVERTY LINE**

1. METHODOLOGY FOR BENEFIT COMPARISON

The purpose here is to evaluate to what degree the schemes under analysis provide the necessary income for beneficiaries to satisfy their basic consumption needs. First of all, it is necessary to determine the threshold that can be considered as the necessary amount to satisfy the needs of a given individual. As the issue here is that of basic consumption needs, I would argue that this threshold should be set at the level of the poverty line of the country under analysis (quote). In order to avoid going into the debate over the use of absolute or relative measures of poverty, I decided to use the Poverty Line currently used by the European Union for policy and statistical issues: 60% of the median equivalised income of the country they live in (Eurostat 2003: 1). In order to get the values of the poverty line for each case, I used ECHP data.

The second step in this analysis will be to define the terms of the comparative exercise. I decided to compare the disposable income of different households. In order to reinforce the reliability of my comparative exercise I chose to use household models that have been used in similar studies (see Eardley et al. 1996). In order to improve the analytical potential of my analysis I introduced a number of restrictions on my family models:

I used adult individuals aged 40. On the one side, this will allow me to exclude young adults who, in some countries, have lower benefit rates; Furthermore, this will allow me to exclude older beneficiaries who might be entitled to non-contributory social pensions; I opted to include a child in pre-school and a school aged school in order to capture the impact of the benefit rates of family allowances in the family disposable income (see Eardley et al. 1996)

I chose not to include a large household, as these are not relevant in the population of social assistance beneficiaries (Kuivalainen 2003: 133).

Bearing in the previous criteria, this comparative study I will compare four household types:

- Single Person, aged 40
- Lone Parent with 2 Children (first child to be 7 and the second child 3 years old)
- Couple (both aged 40) without Children

- Couple (both aged 40) with 2 Children (first child to be 7 and the second child 3 years old)

In order to calculate the value of the poverty line for different households, I used the ‘modified’ OECD equivalence scale, which is also used by the EU for policy and statistical issues (Eurostat 2003: 1). This scale gives a weight of 1.0 to the first adult, 0.5 to any other household member aged 14 and over and 0.3 to each child.

The next step of this endeavour is to determine what is the amount an individual/household Total Net Disposable Family Income (TNDFI). The TNDFI of families on Guaranteed Minimum Income will be calculated in the following terms:

$$\text{TNDFI} = (\text{Guaranteed Minimum Income Benefit} + \text{Family Allowances}) - \text{Taxation (where appropriate)}$$

One should point some specificities of my notion of Total Net Disposable Family Income. First of all, there is the issue of housing costs. These are important difficulties associated with the measuring of housing costs and their implications as these vary with the structure of the household, the age and the location of dwellings (Kuivalainen 2003: 133). This is further complicated by the way different schemes cover housing costs (see Section 1.4). In light of this, and aware of the bias that this will introduce in the comparison of income packages in the different countries, I decided to exclude housing costs from the calculation of the TNDFI of Guaranteed Minimum Income beneficiaries.

The second issue concerns the inclusion of childcare costs. As mentioned earlier, I decided to include pre-school children in my some of my family models. This poses the question of whether to include childcare costs in my notion of TNDFI. The problem here is one of lack of information. As Bradshaw and Finch demonstrate, there is a lack of comparable information on the provision of pre-school childcare. This is related with the high percentages of private and informal provision, and with its local character (2002: 80). In light of this, I decided not to include childcare costs in my notion of TNDFI.

Finally, it is necessary to specify the economic situation of the families under analysis. Here I will use a ‘worst case scenario’ assumption (Ditch et al 1996). Hence, beneficiaries will have no income from work or unemployment benefits. Furthermore, they will not

receive any income from earnings or capital. Their only source of additional income would be family benefits .

In order to compare the performance of the different schemes, I will classify the score for each case in terms of the difference of the TNDFI for each household in relation to the Poverty Line. Hence, the further away the amount of the TNDFI is from the Poverty line the more penalised the scheme will be.

Table 2 – Poverty-line for single person

	Poverty Line
BSHG97	1410.20
BSHG99	1437.75
SB97	6726.13
SB98	7063.78
ABW97	1326.00
ABW99	1418.62
RMI98	4482.24
RMG98	56364.88
SWA98	403.74
TTK97	3734.60
TTK99	4037.70
JSA97	446.03
JSA99	467.30

Source: ECHP

Table 2 – TNDFI for single person, aged 40

	<i>BSHG97</i>	<i>BSHG99</i>	<i>SB97</i>	<i>SB98</i>	<i>ABW97</i>	<i>ABW99</i>	<i>RMI98</i>
A. Social Assistance Benefit	538.00	546.00	6825.00	7104.00	1314.91	1399.50	2429.42
B. Housing Benefits (where available)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. Family Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D. Amount before Taxes (A+B+C)	538.00	546.00	6825.00	7104.00	1314.91	1399.50	2429.42
E. Taxation (%) (where appropriate)	0.00	0.00	0.25	0.25	0.00	0.00	0.00
F. Amount Deducted (where appropriate) (E*D)	0.00	0.00	1706.25	1776.00	0.00	0.00	0.00
G. (TNDFI)Total Net Disposable Family Income (D-F)	538.00	546.00	5118.75	5328.00	1314.91	1399.50	2429.42
H. Poverty Line	1410.20	1437.75	6726.13	7063.78	1326.00	1418.62	4482.24
I. TNDFI/PL (G/H)	0.38	0.38	0.76	0.75	0.99	0.99	0.54

Table 2 – TNDFI for single person, aged 40 (cont.)

	<i>RMG98</i>	<i>SWA98</i>	<i>TTK97</i>	<i>TTK99</i>	<i>JSA97</i>	<i>JSA99</i>
A. Social Assistance Benefit	22100.0	283.40	2021.00	2047.00	229.37	239.87
B. Housing Benefits (where available)	0.00	0.00	0.00	0.00	0.00	0.00
C. Family Allowances	0.00	0.00	0.00	0.00	0.00	0.00
D. Amount before Taxes (A+B+C)	22100.0	283.40	2021.00	2047.00	229.37	239.87
E. Taxation (%) (where appropriate)	0.00	0.00	0.00	0.00	0.00	0.00
F. Amount Deducted (where appropriate) (E*D)	0.00	0.00	0.00	0.00	0.00	0.00
G. (TNDFI) Total Net Disposable Family Income (D-F)	22100.0	283.40	2021.00	2047.00	229.37	239.87
H. Poverty Line	56364.88	403.74	3734.60	4037.70	446.03	467.30
I. TNDFI/PL (G/H)	0.39	0.70	0.54	0.51	0.51	0.51

Table 3 – TNDFI for Lone Parent (aged 40) with 2 children aged 7 and 3

	<i>BSHG97</i>	<i>BSHG99</i>	<i>SB97</i>	<i>SB98</i>	<i>ABW97</i>	<i>ABW99</i>	<i>RMI98</i>
A. Social Assistance Benefit	1183.60	1201.20	9100.00	9472.00	1690.58	1799.33	4399.97
B. Housing Benefits (where available)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. Family Allowances	220.00	250.00	1400.00	1525.00	727.36	727.36	682.00
D. Amount before Taxes (A+B+C)	1403.60	1451.20	10500.00	10997.00	2417.94	2526.69	5081.97
E. Taxation (%) (where appropriate)	0.00	0.00	0.20	0.00	0.00	0.00	0.00
F. Amount Deducted (where appropriate) (E*D)	0.00	0.00	2100.00	0.00	0.00	0.00	0.00
G. (TNDFI) Total Net Disposable Family Income (D-F)	1403.60	1451.20	8400.00	10997.00	2417.94	2526.69	5081.97
H. Poverty Line	1410.20	1437.75	6726.13	7063.78	1326.00	1418.62	4482.24
I. Poverty Line (Lone Parent + 2)	2256.32	2300.40	10761.81	11302.05	2121.60	2269.79	7171.58
J. TNDFI/PL (G/I)	0.62	0.63	0.78	0.97	1.14	1.11	0.71

Table 3 – TNDFI for Lone Parent (aged 40) with 2 children aged 7 and 3

	<i>RMG98</i>	<i>SWA98</i>	<i>TTK97</i>	<i>TTK99</i>	<i>JSA97</i>	<i>JSA99</i>
A. Social Assistance Benefit	42200.00	397.80	4689.00	4524.26	460.83	545.77
B. Housing Benefits (where available)	0.00	0.00	0.00	0.00	0.00	0.00
C. Family Allowances	8400.00	60.00	0.00	0.00	0.00	0.00
D. Amount before Taxes (A+B+C)	50600.00	457.80	4689.00	4524.26	460.83	545.77
E. Taxation (%) (where appropriate)	0.00	0.00	0.00		0.00	0.00
F. Amount Deducted (where appropriate) (E*D)	0.00	0.00	0.00	0.00	0.00	0.00
G. (TNDFI) Total Net Disposable Family Income (D-F)	50600.00	457.80	4689.00	4524.26	460.83	545.77
H. Poverty Line	56364.88	403.74	3734.60	4037.70	446.03	467.30
I. Poverty Line (Lone Parent + 2)	90183.81	645.98	5975.36	6460.32	713.64	747.68
J. TNDFI/PL (G/I)	0.56	0.71	0.78	0.70	0.65	0.73

Table 4 – TNDFI for couple (both aged 40) with no children

	<i>BSHG97</i>	<i>BSHG99</i>	<i>SB97</i>	<i>SB98</i>	<i>ABW97</i>	<i>ABW99</i>	<i>RMI98</i>
A. Social Assistance Benefit	968.40	982.80	13650.00	14208.00	1878.50	1999.25	3671.14
B. Housing Benefits (where available)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. Family Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D. Ammount before Taxes (A+B+C)	968.40	982.80	13650.00	14208.00	1878.50	1999.25	3671.14
E. Taxation (%) (where appropriate)	0.00	0.00	0.32	0.32	0.00	0.00	0.00
F. Amount Deducted (where appropriate) (E*D)	0.00	0.00	4368.00	4546.56	0.00	0.00	0.00
G. (TNDFI)Total Net Disposable Family Income (D-F)	968.40	982.80	9282.00	9661.44	1878.50	1999.25	3671.14
H. Poverty Line	1410.20	1437.75	6726.13	7063.78	1326.00	1418.62	4482.24
I. Poverty Line (Couple No Children)	2115.30	2156.63	10089.20	10595.67	1989.00	2127.93	6723.36
J. TNDFI/PL (G/I)	0.46	0.46	0.92	0.91	0.94	0.94	0.55

Table 4 – TNDFI for couple (both aged 40) with no children (cont.)

	RMG98	SWA98	TTK97	TTK99	JSA97	JSA99
A. Social Assistance Benefit	42200.00	456.73	3436.00	3480.00	360.03	376.37
B. Housing Benefits (where available)	0.00	0.00	0.00	0.00	0.00	0.00
C. Family Allowances	0.00	0.00	0.00	0.00	0.00	0.00
D. Ammount before Taxes (A+B+C)	42200.00	456.73	3436.00	3480.00	360.03	376.37
E. Taxation (%) (where appropriate)	0.00	0.00	0.00		0.00	0.00
F. Amount Deducted (where appropriate) (E*D)	0.00	0.00	0.00	0.00	0.00	0.00
G. (TNDFI)Total Net Disposable Family Income (D-F)	42200.00	456.73	3436.00	3480.00	360.03	376.37
H. Poverty Line	56364.88	403.74	3734.60	4037.70	446.03	467.30
I. Poverty Line (Couple No Children)	84547.33	605.61	5601.90	6056.55	669.04	700.95
J. TNDFI/PL (G/I)	0.50	0.75	0.61	0.57	0.54	0.54

Table 5 – TNDFI for couple (both aged 40) with two children, aged 7 and 3

	<i>BSHG97</i>	<i>BSHG99</i>	<i>SB97</i>	<i>SB98</i>	<i>ABW97</i>	<i>ABW99</i>	<i>RMI98</i>
A. Social Assistance Benefit	1587.10	1610.70	18200.00	18944.00	1878.50	1999.25	5128.80
B. Housing Benefits (where available)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. Family Allowances	220.00	250.00	1400.00	1525.00	727.36	727.36	682.00
D. Ammount before Taxes (A+B+C)	1807.10	1860.70	19600.00	20469.00	2605.86	2726.61	5810.80
E. Taxation (%) (where appropriate)	0.00	0.00	0.33	0.33	0.00	0.00	0.00
F. Amount Deducted (where appropriate) (E*D)	0.00	0.00	6468.00	6754.77	0.00	0.00	0.00
G. (TNDFI)Total Net Disposable Family Income (D-F)	1807.10	1860.70	13132.00	13714.23	2605.86	2726.61	5810.80
H. Poverty Line	1410.20	1437.75	6726.13	7063.78	1326.00	1418.62	4482.24
I. Poverty Line (Couple + 2 Children)	2961.42	3019.28	14124.87	14833.94	2784.60	2979.10	9412.70
J. TNDFI/PL (G/I)	0.61	0.62	0.93	0.92	0.94	0.92	0.62

Table 5 – TNDFI for couple (both aged 40) with two children, aged 7 and 3 (cont.)

	<i>RMG98</i>	<i>SWA98</i>	<i>TTK97</i>	<i>TTK99</i>	<i>JSA97</i>	<i>JSA99</i>
A. Social Assistance Benefit	66300.00	571.13	6104.00	5957.26	568.17	557.43
B. Housing Benefits (where available)	0.00	0.00	0.00	0.00	0.00	0.00
C. Family Allowances	8400.00	60.00	0.00	0.00	0.00	0.00
D. Ammount before Taxes (A+B+C)	74700.00	631.13	6104.00	5957.26	568.17	557.43
E. Taxation (%) (where appropriate)	0.00	0.00	0.00			
F. Amount Deducted (where appropriate) (E*D)	0.00	0.00	0.00	0.00	0.00	0.00
G. (TNDFI)Total Net Disposable Family Income (D-F)	74700.00	631.13	6104.00	5957.26	568.17	557.43
H. Poverty Line	56364.88	403.74	3734.60	4037.70	446.03	467.30
I. Poverty Line (Couple + 2 Children)	118366.26	847.85	7842.66	8479.17	936.65	981.33
J. TNDFI/PL (G/I)	0.63	0.74	0.78	0.70	0.61	0.57

2. NOTES FOR COUNTRIES

2.1. BSHG97

2.1.1. GMI BENEFIT

The average monthly standard rate for the head-of-household or assistance recipients living alone in effect since July 1, 1997 ("basic standard rate") is DM 538 for the Länder of the former territory and DM 519 for the new Länder, including east-Berlin. The standard rates for household members are a percentage of the basic standard rate:

- 100 % reference amount ("Eckregelsatz") for the head of the household as well as for a person living alone.
- 80 % for adult members of the household..
- 50 % for child aged under 7.
- 55 % for child aged under 7 who lives with one person who is solely responsible for upbringing.
- 65 % for child aged 7 - 14 .
- 90 % for child aged 14 – 18.(Benefit Systems and Work Incentives 1997: 5 and MISSOC 1998).

Here I will use the values for the Older Lander:

- Single person = 538
- Lone parent + 2 children = $538 + 538 * 55\% + 538 * 65\% = 538 + 295.9 + 349.7 = 1183.6$
- Couple no children = $538 + 538 * 80\% = 538 + 430.4 = 968.4$
- Couple with 2 children= $538 + 538 * 80\% + 538 * 65\% + 538 * 50\% = 538 + 430.4 + 349.7 + 269 = 1587.1$

2.1.2. FAMILY BENEFITS

Family allowance is not income-related and is awarded in the form of a monthly tax refund (see section 10). In certain instances, parents who are not subject to income tax liability are paid their family allowance as a monthly social security benefit. It is staggered by the number of children. The rates applying since 1 January 1997 are:

- One or two children - DM 220/month
- Three children- DM 300/month
- Four or more children - DM 350/month (Benefit Systems and Work Incentives 1997: 7)

2.1.3. HOUSING BENEFITS

Costs for adequate housing and heating are completely covered; housing benefit (including flat-rate allowances) is taken into account in the means-test.

2.1.4. TAXATION

Not taxable (Benefit Systems and Work Incentives 1997: 7).

2.2. BSHG97

2.2.1. GMI BENEFIT

The average monthly standard rate for the head-of-household or assistance recipients living alone in effect since July 1, 1999 ("basic standard rate") is DEM 546 for the Länder the former territory and DEM 527 for the new Länder, including east-Berlin. The standard rates for household members are a percentage of the basic standard rate. They amount to:

- 100 % reference amount ("Eckregelsatz") for the head of the household as well as for a person living alone.
- 80 % for adult members of the household..
- 50 % for child aged under 7.

- 55 % for child aged under 7 who lives with one person who is solely responsible for upbringing.
- 65 % for child aged 7 - 14 .
- 90 % for child aged 14 – 18. (Benefit Systems and Work Incentives 1997: 5 and MISSOC 1998).

Here I will use the values for the Older Lander:

- Single person = 546
- Lone parent + 2 children = $546 + 546 * 55\% + 546 * 65\% = 546 + 300.3 + 354.9 = 1201.2$
- Couple no children = $546 + 546 * 80\% = 546 + 436.8 = 982.8$
- Couple with 2 children = $546 + 546 * 80\% + 546 * 65\% + 546 * 50\% = 546 + 436.8 + 354.9 + 273 = 1610.7$

2.2.2. FAMILY BENEFITS

Family allowance is not income-related and is awarded in the form of a monthly tax refund. In

certain instances, parents who are not subject to income tax liability are paid their family allowance as a monthly social security benefit. It is staggered by the number of the children. The rates applying since 1 January 1999 are:

- One or two children - DM 250/month
- Three children- DM 300/month
- Four or more children - DM 350/month (Benefit Systems and Work Incentives 1997: 7)

2.2.3. HOUSING BENEFITS

Costs for adequate housing and heating are completely covered; housing allowance (including flat-rate allowances) is taken into account in the means-test.

2.2.4. TAXATION

Not taxable (Benefit Systems and Work Incentives 1997: 7).

2.3. SB97

2.3.1. GMI BENEFIT

The benefits are calculated for the individual. They amount to 80 per cent of the maximum unemployment insurance benefit for those with dependent children, and 60 per cent for others. Social assistance is reduced to Dkr 4489 per month for those aged under 25 and living alone (exemptions for those who have earned a substantial income.) (Benefit Systems and Work Incentives 1997: 3-4).

Maximum unemployment benefit in 1997: Dkr 11375 (Dkr 2 625 per week) (Benefit Systems and Work Incentives 1997: 2):

- Single person - 60 % of maximum unemployment benefit – $11375 * 60\% = 6825$
- Lone parent + 2 children – 80% of maximum unemployment benefit = $11375 * 80\% = 9100$
- Couple no children - 2 x 60 % of maximum unemployment benefit - $2 * 6825 = 13650$
- Couple with 2 children: 2 x 80 % of maximum unemployment benefit - $2 * 9100 = 18200$

2.3.2. FAMILY ALLOWANCES

Amount of the general family allowances per year is:

- For child 0 - 2 years: DKR 10 500
- For child 3 - 6 years: DKR 9 400
- For child 7 - 17 years: DKR 7 400 (Benefit Systems and Work Incentives 1997:5)

This means that per month families will receive the following amounts:

- For child 0 - 2 years: DKR 875
- For child 3 - 6 years: DKR 783.33
- For child 7 - 17 years: DKR 616.67

Final Value = $783.33 + 616.67 = 1400$

2.3.3. HOUSING BENEFIT

Social assistance amounts can be increased to cover rent payments. Rent in excess of an individual's own payment is covered through housing accommodation allowances.

2.3.4. TAXATION

Recipients of social assistance (SA) benefits neither pay the 8 per cent social security, the unemployment insurance contribution nor the supplementary pension scheme contributions (Benefit Systems and Work Incentives 1997: 3).

Yet, Income from social assistance are taxed. The rate of taxation varies according to the structure of household (tax rates for 1999):

- Single person – 25%
- Lone parent + 2 children – 20%
- Couple no children – 32%
- Couple with 2 children – 33% SOCASST (report 3) 2001: 14, 44-45)

2.4. SB98

2.4.1. GMI BENEFIT

The starting point of the assessment of the guarantee of resources amount is (for parents) 80% of the maximum unemployment benefit and 60% of this maximum for persons with no children (MISSOC 1998)

Maximum unemployment benefit in 1998: 2690 per week; 11840 per month (MISSOC 1998):

- Single person - 60 % of maximum unemployment benefit – $11840 * 60\% = 7104$
- Lone parent + 2 children – 80% of maximum unemployment benefit = $11840 * 80\% = 9472$
- Couple no children - 2 x 60 % of maximum unemployment benefit - $2 * 7104 = 14208$

- Couple with 2 children: $2 \times 80\%$ of maximum unemployment benefit - $2 \times 9472 = 18944$

2.4.2. FAMILY ALLOWANCE

Amount of the general family allowances per year is:

- For child 0 - 2 years: DKR 11 300
- For child 3 - 6 years: DKR 10 200
- For child 7 - 17 years: DKR 8 100 (Benefit Systems and Work Incentives 1999: 5¹)

This means that per month families will receive the following amounts:

- For child 0 - 2 years: DKR 941.66
- For child 3 - 6 years: DKR 850
- For child 7 - 17 years: DKR 675

Final Value = $850 + 675 = 1525$

2.4.3. HOUSING

Social assistance amounts can be increased to cover rent payments. Rent in excess of an individual's own payment is covered through housing accommodation allowances.

2.4.4. TAXATION

Recipients of social assistance (SA) benefits neither pay the 8 per cent social security, the unemployment insurance contribution nor the supplementary pension scheme contributions (Benefit Systems and Work Incentives 1997: 3).

Yet, Income from social assistance are taxed. The rate of taxation varies according to the structure of household (tax rates for 1999):

- Single person – 25%

¹ As there were discrepancies with the values of MISSOC 1998, it was decided to use the Benefit Systems and Work Incentives 1999 data.

- Lone parent + 2 children – 20%
- Couple no children – 32%
- Couple with 2 children – 33% SOCASST (report 3) 2001: 14, 44-45)

2.5. ABW97

2.5.1. GMI BENEFIT

The Dutch national government specifies three minimum basic benefit payment rates. There are three basic rates related to family composition:

Table 6 - Guaranteed Minimum Income basic benefit payment rates in Netherlands

<i>Family situation</i>	<i>Proportion of the subsistence minimum</i>	<i>Corresponding net yearly benefit (excl. holiday allowance)</i>	<i>Corresponding net monthly benefit (excl. holiday allowance)</i>
Couples	100%	22 542	1878.50
Lone parent families	90%	20 287	1690.58
Single 23 or older	70%	15 779	1314.91

Based on Benefits and Wages, 1997, p. 4

Young people between 18 and 21 years of age are deemed to be in work, education or in the Youth Work Guarantee programme (JWG). Furthermore, until the age of 21 parents are supposed to provide financial support to young people. Therefore, municipalities are only obliged to provide benefits to applicants in this age group in exceptional circumstances.

Table 7 - Guaranteed Minimum Income basic benefit payment rates according to age and household type in Netherlands

	<i>Family type</i>	<i>Monthly allowance</i>
< 21 years with children one is >21 years and one is <21	single parent	Nlg 744.64
	married	Nlg 1743.42
both >21 years old <21 years and no children married both <21 years married one>21 one<21	married	Nlg 1089.77
	single	Nlg 345.13
		Nlg 690.26
		Nlg 1343.91

(Benefits and Wages 1997: 4)

Here I will use values for individuals aged above 21. In light of this the benefit rates will be:

- Single person - 1314.91
- Lone parent + 2 children – 1690.58
- Couple no children - 1878.50
- Couple with 2 children - 1878.50

2.5.2. FAMILY ALLOWANCE

Children born on or after 1 January 1995 (monthly values):

- up to 5 years: HFL 299.50
- from 6 - 11 years: HFL 363.68
- from 12 -17 years: HFL 427.86

Table 8 - Family allowances basic benefit payment rates according to age and household type in Netherlands (for children born before 2 October 1994)

Families with	Age Groups		
	0-5	6-11 and 18-24	12-17
1 child	299.50	427.86	556.22
2 children	346.47	494.96	643.45

(Benefits and Wages 1997: 4)

Final value = 299.50 + 427.86 = 727.36

2.5.3. HOUSING BENEFIT

In principle: no; social assistance is an 'all-in'-amount, therefore housing cost should be covered by the granted amount. However, beneficiaries paying rent between HFL 335.42 (ECU 151) and HFL 963.75 (ECU 433) per month are usually entitled to rent subsidy. This is a separate statutory arrangement which applies to tenants in general. Beneficiaries in private houses with accommodation expenses between HFL 335.42 (ECU 151) and HFL 963.75 (ECU 433) per month, may receive a housing cost allowance at the same level as

the rent subsidy. For accommodation expenses above HFL 963.75 (ECU 433) per month a temporary supplement may be awarded on condition that a cheaper dwelling is sought.

2.5.4. TAXATION

The level of general assistance is defined on its net value; a net income level is guaranteed. The income taxes on the social assistance benefit are not paid by the recipient, who thus receives a net benefit, but are transferred to the tax inspector by the municipality that is administering the benefit (benefits and Wages 1997: 5).

Hence the imputed value will be 0.

2.6. ABW99

2.6.1. GMI BENEFIT

The Dutch national government specifies three minimum basic benefit payment rates. There are three basic rates related to family composition:

Table 9 - Guaranteed Minimum Income basic benefit payment rates in Netherlands

<i>Family situation</i>	<i>Proportion of the subsistence minimum</i>	<i>Corresponding net yearly benefit (excl. holiday allowance)</i>	<i>Corresponding net monthly benefit (excl. holiday allowance)</i>
Couples	100%	23 991	1999.25
Lone parent families	90%	21 592	1799.33
Single 23 or older	70%	16 794	1399.50

Based on Benefits and Wages, 1999, p. 5

Young people between 18 and 21 years of age are deemed to be in work, education or in the Youth Work Guarantee programme (JWG). Furthermore, until the age of 21 parents are supposed to provide financial support to young people. Therefore, municipalities are only obliged to provide benefits to applicants in this age group in exceptional circumstances.

Table 10 - Guaranteed Minimum Income basic benefit payment rates according to age and household type in Netherlands

	<i>Family type</i>	<i>Monthly allowance</i>
< 21 years with children one is >21 years and one is <21	single parent	Nlg 745.28
	married	Nlg 1744.89
both >21 years old <21 years and no children	married	Nlg 1090.71
	single	Nlg 345.43
married both <21 years		Nlg 690.86
married one>21 one<21		Nlg 1345.04

(Benefits and Wages 1999: 6)

Here I will use values for individuals aged above 21. In light of this the benefit rates will be:

- Single person - 1399.50
- Lone parent + 2 children – 1799.33
- Couple no children - 1999.25
- Couple with 2 children - 1999.25

2.6.2. FAMILY ALLOWANCE

Children born on or after 1 January 1995:

- up to 5 years: HFL 321.92
- from 6 - 11 years: HFL 390.91
- from 12 -17 years: HFL 459.89

Table 11 - Family allowances basic benefit payment rates according to age and household type in Netherlands (for children born before 2 October 1994)

<i>Families with</i>	<i>Age Groups</i>		
	0-5	6-11 and 18-24	12-17
1 child	321.92	459.89	597.86
2 children	367.91	525.58	683.25

(Benefits and Wages 1999: 8)

Final value = 321.92 + 459.89= 727.36

2.6.3. HOUSING BENEFIT

In principle, no. Social assistance is an 'all-in'-amount, therefore housing cost should be covered by the granted amount. However, in certain cases a person may be eligible for rent subsidy. Whether a person is eligible for rent subsidies depends, among other things, on his income, his rent, his assets and his age. A person can only apply for rent subsidy if his rent is between NLG 349 (EUR 158) and NLG 1,107 (EUR 502) per month. If a person chooses to live in an expensive dwelling when a less expensive dwelling is available, the government does not have to give him any rent subsidy.

2.6.4. TAXATION

The level of general assistance is defined on its net value; a net income level is guaranteed. The income taxes on the social assistance benefit are not paid by the recipient, who thus receives a net benefit, but are transferred to the tax inspector by the municipality that is administering the benefit (benefits and Wages 1999: 6).

Hence the imputed value will be 0.

2.7. RMI98

2.7.1. CALCULATION OF BENEFIT

Single person: basis amount.

This basis amount is increased by:

- 50% for the first additional person in the household;
- 30% for each person in addition to the first;
- 40% for each further person after the third person without taking into account the partner or cohabitant (MISSOC 1998)

Single person – 2 429.42

Lone parent + 2 children – $2\,429.42 + (2\,429.42 \cdot 0.5) + (2\,429.42 \cdot 0.3) = 2\,429.42 + 1\,214.71 + 728.83 = 4\,399.97$

Couple no children - $2\,429.42 + (2\,429.42 \times 0.5) = 2\,429.42 + 1\,214.71 = 3\,644.13$

Couple with 2 children – $2\,429.42 + (2\,429.42 \times 0.5) + (2\,429.42 \times 0.3) + (2\,429.42 \times 0.3) = 2\,429.42 + 1\,214.71 + 728.83 + 728.83 = 5\,101.79$

2.7.2. FAMILY ALLOWANCE

Family benefits are only payable to families with at the least two children (Wages and benefits, 1999: 11): 2 children: FF 682²

2.7.3. HOUSING BENEFIT

Extension of entitlement to social housing allowance (allocation logement) to all RMI recipients; the differential allowance of the RMI is not taken into account when determining resources in housing allowance matters

2.7.4. TAXATION

The RMI, the family benefits and the housing allowance are exempt from taxation on income (MISSOC 1998).

2.8. RMG98

2.8.1. GMI BENEFIT

- 100% of the amount of the old-age social pension is awarded for each adult up to the second;
- 70% of the amount of the old-age social pension is awarded for each adult from the third;
- 50% of the amount of the old-age social pension is awarded for each minor.

² The information in MISSOC 1998 and Wages and Benefits 1999 is not consistent. Hence I am using the value mentioned by MISSOC 1998, as it is the only source of information for the year under of analysis.

Old Age social pension in 1998 was PTE 22,100 (MISSOC 1998):

- Single person – 22 100
- Lone parent + 2 children – $22\,100 + (22\,100 \times 0.5) + (22\,100 \times 0.5) = 22\,100 + 11\,050 + 11\,050 = 44\,200$
- Couple no children - 42 200
- Couple with 2 children – 66 300

2.8.2. FAMILY BENEFITS

The monthly family allowance amounts for children and young people correspond to those established for the first and second descendant within the first level category under the contributory social security schemes. The values, per child, refer to the 1st of January 1998, (MISSOC 1998 Benefits and Wages 1997, 5).

Children over 12 months old:

- up to the second child: ESC 4,200
- from third child on: ESC 6,300

Family benefit= $4\,200 + 4\,200 = 8\,400$

2.8.3. HOUSING BENEFITS

There is no associated right for payment of housing costs. Beneficiaries can nonetheless apply to a means-tested housing benefit scheme.

2.8.4. TAXATION

Benefits are not subject to taxation (MISSOC 200).

2.9. SWA98

2.9.1. GMI CALCULATION

- Single person: IR£ 283.40

- Single parent family with two children: IR£ 397.80
- Couple without children: IR£ 456.73
- Couple with 2 children: IR£ 571.13

All child dependants are treated the same (IR£ 13.20 (ECU 17) per week), regardless of age (MISSOC 1998).

2.9.2. FAMILY BENEFITS

Amount for each child:

- 1st and 2nd child: IR£ 30.
- 3rd and subsequent children: IR£ 39 (MISSOC 1998)

2.9.3. HOUSING BENEFITS

No direct rights. But recipients may also qualify for rent supplements under the Supplementary Welfare Allowance scheme, Mortgage Interest relief under the taxation system or local authority differential rent schemes, where the rent payable depends on the income of the tenant(s) and the household circumstances.

2.9.4. TAXATION

Not taxable. (Wages and benefits, 1999: 5).

2.10. TTK97

2.10.1. GMI BENEFIT

- Single Person = 2 021
- Lone Parent family with (2) Children= 2021 + 1334 + 1334= 4689
- Couple without Children= 1718 + 1718= 3436
- Couple with (2) Children= 1718 + 1718 + 1334 + 1334 = 6104 (Benefits and systems 1997: 5)

2.10.2. FAMILY BENEFITS

Family benefits are taken into account in the means-test (Guibentif and Bouget 1997 country questionnaire). Hence the imputed value will be 0.

2.10.3. HOUSING BENEFITS

The rates presented here are basic amounts for “every day living costs.” Additional social assistance is granted to cover reasonable housing costs or other costs (such as health care, work-related expenses).

2.10.4. TAXATION

Not taxable (Benefits and Wages 1997: 5).

2.11. TTK99

2.11.1. GMI BENEFIT

- Single Person = 2 047
- Lone Parent family with (2) Children = $2\,047 + 1\,290 + 1\,187.26^* = 4\,524.26$
- Couple without Children = $1\,740 + 1\,740 = 3\,480$
- Couple with (2) Children = $1\,740 + 1\,740 + 1\,290 + 1\,187.26^* = 5\,957.26$

*If there are more than one child (0 – 17) in families the rates will be reduced. The rate of the second child will be 5 percentage points lower (e.g. 70 % -> 65 % or 63 % to 58 % of single rate) the rate of the third and subsequent child will be 10 percentage points lower (e.g. 70 -> 60 or 63 -> 53) (Benefits and Wages 1999: 5). Notice that this is not made explicit in 1997.

Notice that the value of the benefit rate for children has decreased in relation to 1997 (Benefits and Wages 1999: 5)

2.11.2. FAMILY BENEFITS

Family benefits are taken into account in the means-test (MISSOC 1999). Hence the imputed value will be 0.

2.11.3. HOUSING BENEFITS

The rates presented here are basic amounts for “every day living costs.” Additional social assistance is granted to cover reasonable housing costs or other costs (such as health care, work-related expenses).

2.11.4. TAXATION

Not taxable (Benefits and Wages 1999: 6).

2.12. JSA97

2.12.1. GMI BENEFIT

There is a Personal Allowance and a Family premium of Lib 10.80 for couples and Lib 15.80 for Lone Parent Families. (Benefits and Wages 1999: 3). The benefit is determined in the same terms of Income Support. The original values are refer to weekly benefit. The final values will be multiplied by 56 and then divided by 12.

Week values:

- Single Person (+25) = 49.15
- Couple without Children = 77.15
- Couple with (2) Children = $77.15 + 16.90 + 16.90 = 110.95$ + Family premium of Lib 10.80 = 121.75
- Lone Parent family with (2) Children = $49.15 + 16.90 + 16.90 = 82.95$ + Family premium of Lib 15.80 = 98.75

Table 12 - GMI benefit payment rates in the UK

	<i>Week</i>	<i>* 56</i>	<i>/ 12</i>
Single Person (+25)	49.15	2752.40	229.37
Couple without Children	77.15	4320.40	360.03
Couple with (2) Children	121.75	6818.00	568.17
Lone Parent family with (2) Children=	98.75	5530.00	460.83

2.12.2. FAMILY BENEFIT

Most income resources, most social security benefits and pension are taken fully into account. Benefits generally ignored include: Housing Benefit, Council Tax Benefit and non-contributory disability benefit. The main family allowance (i.e. Child Benefit) is taken into account as family income when determining the amount of Income Support/JSA (MISSOC 1998). The resources consist of the net income of the claimant and partner (including family benefits), subject to some disregards. Resources for income testing purposes are defined as gross earned income after tax and social security taxes, local taxes not included, plus unemployment benefits, Child Benefits, Lone Parent Benefits and Family Credit (Benefits and Wages 1997: 4-5). Hence, the value imputed will be 0.

2.12.3. HOUSING BENEFITS

There is no associated right for payment of housing costs. Income Support can provide help with certain housing costs, including mortgage interest payments and with some residential care and nursing home charges that are not met by Housing Benefit. However, Income Support/JSA beneficiaries are entitled to the maximum rate of Council Tax Benefit and Housing Benefit.

2.12.4. TAXATION

Only the personal allowance is taxable. Tax is not deducted from the personal allowance, but when the recipient moves into paid employment the benefit they received is taken into account when assessing tax liabilities (Benefits Systems 1997: 3).

The tax system is structure so that a year-long beneficiary will pay no tax (Benefit Systems and Work Incentives 1998: 27). Hence the imputed value will be 0

2.13. JSA99

2.13.1. GMI BENEFIT

There is a Personal Allowance and a Family premium of 13.90 for couples, and 15.75 for Lone Parent Families. (Benefits Systems 2001: 3). The benefit is determined in the same terms of Income Support. The original values are refer to weekly benefit. The final values will be multiplied by 56 and then divided by 12.

Week values:

- Single Person (+25) = 51.40
- Couple without Children = 80.65
- Couple with (2) Children= 80.65 + 24.90 + 24.90 + 13.90 (Family premium) =
- Lone Parent family with (2) Children= 51.40 + 24.90 + 24.90 + 15.75 (Family premium and Lone Parent premium)

Table 13 - GMI benefit payment rates in the UK

	<i>Week</i>	<i>* 56</i>	<i>/ 12</i>
Single Person (+25)	51.4	2878.40	239.87
Couple without Children	80.65	4516.40	376.37
Couple with (2) Children	119.45	6689.20	557.43
Lone Parent family with (2) Children=	116.95	6549.20	545.77

2.13.2. FAMILY BENEFIT

The main family allowance (i.e. Child Benefit) is taken into account as family income when determining the amount of Income Support/JSA (MISSOC 1999). The resources consist of the net income of the claimant and partner (including family benefits), subject to some disregards. Income other than earnings, including most other social security benefits and tax credits, are normally taken fully into account and reduce benefit penny for penny (Benefits and Wages 1999: 5). Hence the value imputed is 0.

2.13.3. HOUSING BENEFITS

There is no associated right for payment of housing costs. Income Support can provide help with certain housing costs, including mortgage interest payments and with some residential care and nursing home charges that are not met by Housing Benefit. However, Income Support/JSA beneficiaries are entitled to the maximum rate of Council Tax Benefit and Housing Benefit.

2.13.4. TAXATION

Income Support is not taxable. (Benefits and Wages 1999: 6).

**ANNEX 2 – DESCRIPTION OF ACTIVATION
PROGRAMMES AVAILABLE TO GMI RECIPIENTS**

Table 1 – Direct Job Creation schemes

<i>Scheme (country)</i>	<i>Name /Legislation</i>	<i>Target Group</i>	<i>Description</i>
SWA (Ireland)	Community Employment	Long-term unemployed people and other socially excluded groups	Public sector and voluntary organisations receive grants to support projects that respond to a clearly identified community need, to do worthwhile work which otherwise could not be undertaken, and which also develop the work skills of participants. The programme covers two different options. The part-time Integration Option is targeted at long-term unemployed with reasonable prospects of employment. Participation will normally be for one year and an enhanced training element will be phased in for participants. The part-time Job Option is targeted at older, very long-term unemployed with poor employment prospects. Participants on this option will have an annual contract of employment, renewable for up to three years subject to availability of a place (Collins 2000, p. 16).
	(Not available)		
JSA (United Kingdom)	New Deal for Young People- Voluntary Sector Option	Unemployed, Young Unemployed	This is intended to provide work experience to NDYP recipients by allowing them to participate in projects/activities organised by organisations of the voluntary sector (which includes voluntary organisations, small community based groups and ethnic minority organisations). Projects should increase the ability of organisations to improve their services, improve community relations, community safety and avoid the risk of re-offending or drug use by young people. In certain cases this work placement can take place with an employer in the labour market. The later cases should not extend 8 weeks; These projects also involve a job search and training components (Ditch and Roberts 2000, p. 29-33).
	(Not available) ¹		

¹ Under the Employment and Training Act 1973 (section 2), the Secretary of State (for employment) has discretionary powers to set up, fund and administer employment and training programmes without the need for further secondary legislation.

Table 1 – Direct Job Creation schemes (cont.)

<i>Scheme (country)</i>	<i>Name /Legislation</i>	<i>Target Group</i>	<i>Description</i>
JSA (United Kingdom)	New Deal for Young People/ New Deal +25, - Subsidised Jobs Option (Not available) ²	Unemployed, Young Unemployed	In addition, there is an 'option. Here, employers receive a subsidy of £75 per week to support the cost of hiring NDYP recipients. Employers are expected to provide training and, in the case the participants show the necessary qualities, to offer a job at the end of the internship stage. There is an additional £ 750 subsidy to support training costs. They are not allowed to displace existing employees or to make cash-gains with the job subsidy they receive. The salary they receive must be at the least equal to the subsidy given to the employers. The training component must be at the least one day a week (Ditch and Roberts 2000, p. 29-33).
TTK (Finland)	Employment Subsidy to municipalities Employment Decree (1363/1997), Employment Act (275/1987).	Long-term unemployed, youth, disabled and older.	The labour office can also support for up to 10 months to municipalities, other non-profit organisations who take on a registered unemployed person. The subsidy is payable in respect of employment which is full-time or at least 85% of normal full-time hours in the sector and for a maximum of 5 days per week. During the job, the new employee may take part in additional actions such as training, rehabilitation or other measures to promote employability that will have been agreed previously in their individual action plan. The employment subsidy will not be paid during these other activities. In total, the actions may last up to 24 months but the subsidy is payable only for a maximum of 10 months (European Employment Observatory 2002a, p. 75).

² Under the Employment and Training Act 1973 (section 2), the Secretary of State (for employment) has discretionary powers to set up, fund and administer employment and training programmes without the need for further secondary legislation.

Table 1 – Direct Job Creation schemes (cont.)

<i>Scheme (country)</i>	<i>Name /Legislation</i>	<i>Target Group</i>	<i>Description</i>
RMG (Portugal)	Employment scheme for unemployed persons in need Decree 192/96 of 30.5.96	Unemployed	This programme allows public or private charitable institutions, to hire unemployed persons to o jobs that serve community needs (existing jobs may not be filled under this scheme). The remuneration is co-financed by the employer and the IEFP, which contributes between 80 and 100% for the first six months and between 60 and 80% for the following six months. The employment runs for up to one year, which may be extended by an additional year under certain circumstances (European Employment Observatory 2002b, p. 133).
RMI (France)	Solidarity Employment Contract (Contract Emploi Solidarite - CES) Decree n°90- 105 of 30 January 1990; Decree n°98- 1108 of 9 December 1998	Hard to employ groups, especially RMI recipients who have been out of work for more than a year.	The purpose is to create employment opportunities for unemployed individuals, whilst satisfying unmet needs in local communities. This measure allows public entities (with the exception of local authorities) and non-profit organisations to hire individuals on a part-time basis (maximum 20 hours p/week) for a period between three months and two years (three years In exceptional cases). The recipient will receive a salary equal to half the minimum wage for the non-profit sector. As these schemes are targeted at the hard to employ, they might include a training component. Hence, recipients might receive supplementary training to obtain some qualifications during the time they are not at work. The State will cover up to 200 hours of training per CES employee. The state will bears 90% of wage costs associated with this jobs . Employers will also be exempted from all welfare contributions other than unemployment insurance premiums (Gautrat, Fraisse and Bucollo 2000, p. 24-5, Enjolras et al. 2000, p. 59-60, Fraisse 1999, p. 7).

Table 1 – Direct Job Creation schemes (cont.)

<i>Scheme (country)</i>	<i>Name / Legislation</i>	<i>Target Group</i>	<i>Description</i>
RIM (France)	Consolidated Employment Contacts (Contract Emploi Consolide – CEC) Law n° 92-722 of 29 July 1992; Decree n°92- 1076 of 2 October 1992; Decree n°94- 265 of 5 April 1994; Decree n°98-1109 of 9 December 1998.	People leaving a CES contract (Contrat emploi solidarité - measure F-39) without any option in terms of employment or training, some young people with particular problems of integration, persons on basic social	Up until 1998, it allowed that individuals who had concluded their CES contract and were still facing difficulties to find a job or training to be hired by public bodies (including local authorities) and non-profit organisations. After 1998, the target group was extended to include unemployed individuals registered with the ANPE for at the least 12 of the preceding 18 months, unemployed individuals aged over 50 who are unemployed for more than a year, disabled individuals, individuals between 18 and 25 who are not able to get a job and RMI recipients who have been out of work for more than a year. In the case of individuals between 18 and 25, only local authorities are entitled to make use of this measure. Employers will be exempted from the payment of social security contributions. The state will also fund part of the recipients salary, for a period no longer than five years. Recipients can be employed under full or part-time contracts. These can also be open-ended or fixed-term. (Gautrat, Fraisse and Bucollo 2000, p. 25-6).

Table 2 – Employment Incentives

<i>Scheme (country)</i>	<i>Name / Legislation</i>	<i>Target Group</i>	<i>Description</i>
RMI (France)	Employment-initiative contracts (Contract Initiative Emploi - CIE) Decree n°95-925 of 19 August 1995; Decree n°96-435 of 22 May 1996; Decree n°96-702 of 7 August 1996.	Long term unemployed and other priority groups.	Employers are exempted from the payment of social security contributions. These are limited to the amount of salary that is equal (or lower) to the minimum wage for a maximum period of 24 months. In certain situations the employer might also receive a monetary prize. They will also receive further funding for training (which can amount to a maximum 400 hours) and for tutoring expenses. Recipients receive a fixed-term contract lasting 12 or 24 months or an open-end contract. This can be either a part-time (16 hours/week) or a full-time contract. They might also receive complementary training (Gautrat, Fraisse and Bucollo 2000, p. 26-7).
SB (Denmark)	Job Training (Consolidation) Act on an active labour market policy, no. 1199 of 27 December 1993	Registered unemployed entering the activation period.	This programme provides wage subsidies (approximately minimum wage) to public or private employers. Placements should have a minimal duration of 6 months and a maximal duration of 2 years. The duration of the Job Training scheme can be extended if the employer provides training to the recipient, or if he employs the recipient under normal conditions for a period equal to the Job Training period. The recipient continues to receive the social assistance benefit that is complemented by a work subsidy (per hour) (Rosdahl and Weise 2000, p. 172).

Table 2 – Employment Incentives (cont.)

<i>Scheme (country)</i>	<i>Name / Legislation</i>	<i>Target Group</i>	<i>Description</i>
ABW (Netherlands)	Individual Job Training	Unemployed persons who have difficulties in finding a job or job training on ordinary pay and working conditions (e.g. long-term unemployed and low qualified youngsters).	Recipients are also entitled to apply to 'placements, which is targeted at hard to employ recipients with. Private employers or voluntary organisations can initiate these projects, although these are often led by municipalities themselves. There is a net job creation clause to these kind of projects. The recipient continues to receive the social assistance benefit which is complemented by a work subsidy (per hour) (Rosdahl and Weise 200, p. 172-3).
	The (Consolidation) Act on an active labour market policy, no.199 of 27 December 1993		
	Additional Jobs Scheme for the Long-Term Unemployed' (EWLW – Melkert-I)	long-term unemployed, social assistance recipients	The programme aims at providing long-term unemployed social assistance recipients with permanent additional jobs in the public sector (namely with municipalities). Jobs would cover needs in the childcare, sports, health care, security and heritage conservation. Recipients were expected to receive a salary that would not exceed 120% of the statutory minimum wage. This programme was replaced by the I/D Jobs programme in 1999 (OECD 1998, p. 123; van Oorschot and Engelfriet 2000, p. 28-9).
	(not available)		
	I/D Jobs	long-term unemployed, social assistance recipients	This scheme tied to expand access to more qualified jobs in the public sector (OECD 1998, p. 123, van Oorschot and Engelfriet 2000, p. 28-9).
	Decree of 17.12.1998, Stcrt. 1998/246		

Table 2 – Employment Incentives (cont.)

<i>Scheme (country)</i>	<i>Name /Legislation</i>	<i>Target Group</i>	<i>Description</i>
Portugal	Subsidies for permanent employment contracts Decree Law 34/96 of 18.4.96	Unemployed youngsters or young jobseekers in search for a first job and long term-unemployed	Enterprises with up to 50 employees which create new jobs, for which they recruit on open-ended contracts long term unemployed (or young unemployed), may receive financial aid in the form of a non-refundable subsidy equal up to 12 times the monthly minimum wage. The subsidy may also be granted to enterprises with over 50 employees when they recruit unemployed persons aged over 45 years who have been registered at the employment office for more than 18 months. The subsidised enterprises enter into an obligation not to shed any jobs for a period of at least four years (European Employment Observatory 2002b, p. 139).
	Exemption from social security contributions to promote recruitment of long-term unemployed Decree Law 34/96 of 1996 18.4.96; Law 47/96 of 1996	Long-Term unemployed	Enterprises that recruit long-term unemployed jobseekers on an open-ended contract of employment are exempted from payment of social security contributions for 36 months. The qualifying condition for this benefit is that the number of employees in the firm must have increased in comparison to the final month of the previous year (European Employment Observatory 2002b, p. 138)..

Table 3 – Start-Up Incentives

<i>Scheme (country)</i>	<i>Name / Legislation</i>	<i>Target Group</i>	<i>Description</i>
RMG (Portugal)	Support for entry into self-employment (Apoio a Criacao do Proprio Emprego)	Unemployed, young unemployed and long-term unemployed persons	This is a non-refundable installation grant corresponding to 12 times the national minimum wage. The grant may be increased by 20% if the recipients are at least 45 years of age and have been unemployed for longer than 12 months. In certain circumstances, a loan amounting to 12 times the national minimum wage per job created may be granted. They can also receive technical support and training (EUROSTAT 2001b, p. 55)
	Decree 247/95 of 29.3.95		
SWA (Ireland)	Back to work enterprise allowance (not available)	Long-term unemployed, lone parents and disabled persons	Participants will receive support as follows (including increases for a qualified adult and child dependant allowances): - 100% of their weekly social welfare payment for the first year; - 75% for the second year; - 50% for the third year; - 25% for the fourth year. (EUROSTAT 2001a, p. 55)
	Area Allowance (not available)	Unemployed	Unemployed persons can create a job initiative by applying to their local Area Partnership (local development body). Recipients will receive the equivalent to the unemployment benefit (Department of Enterprise Trade & Employment 1998 ³).
RMG (Portugal)	Support for entry into self-employment Decree 247/95	Young unemployed persons and long-term unemployed persons.	This includes a non-refundable installation grant corresponding to 12 times the national minimum wage and assistance in drawing up the enterprise proposal at the end of a six-week training course in organisation and management. The grant may be increased by 20% if the recipients are at least 45 years of age and have been unemployed for longer than 12 months. In certain circumstances, a loan amounting to 12 times the national minimum wage per job created may be granted (EUROSTAT 2001b, p. 55).

³ <http://www.entemp.ie/book/rcep00.htm>

Table 3 – Start-Up Incentives (cont.)

<i>Scheme (country)</i>	<i>Name /Legislation</i>	<i>Target Group</i>	<i>Description</i>
RMG (Portugal)	Local Employment Initiative (ILE) Decree Law 189/96 of 8.10.96	Long-term unemployed (and other vulnerable groups)	The 'Local Employment Initiative' (ILE) provides technical and financial assistance in the creation of small enterprises (less than 5 people) that can promote local development. Financial aid is then given up to an amount equal to 36 times the statutory minimum wage, two-thirds of which are a subsidy and one-third a interest-free loan. The loans must be repaid within a period of no more than seven years. The subsidies are increased by 20% when young people, recipients of the guaranteed minimum income or long-term unemployed persons are hired. Entrepreneurs have to attend management training courses in order to have access to the start-up incentive (EUROSTAT 2001b, p. 33).

Table 4 – Job Sharing/Job rotation schemes

<i>Scheme (country)</i>	<i>Name /Legislation</i>	<i>Target Group</i>	<i>Description</i>
TTK (Finland)	Job-Rotation (not available)	Unemployed	This scheme allows employers to hire unemployed persons to replace employees (working at the least 75% of normal working-time and who has been working for at least one year) to engage in training/education or to take on caring responsibilities (European Employment Observatory 2002a, p. 70-1).
	Part-time pay supplement Employment Decree (1330/1996) and new Employment Decree (1363/1997) as amended.	Unemployed	This scheme allows employers to take on a registered unemployed person to replace an employee who has voluntarily changed his/her full time job to a part-time job for up to a year. The employee in turn, will receive a part-time income supplement as compensation for diminished earnings (European Employment Observatory 2002a, p. 72).

Table 5 – Training Programmes

Scheme (country)	Name /Legislation	Target Group	Description
JSA (United Kingdom)	New Deal for Young People/ New Deal +25, - Full-Time Education and Training Option Administrative regulation	Unemployed, Young Unemployed	This option is mainly for those who lack qualifications at S/NVQ Level 2 or equivalent. Young people on this option receive an allowance equivalent to their JSA and retain their entitlement to any passported benefits (European Employment Observatory 1999 ⁴)
BS (Denmark)	Specially Adapted Training Courses (not available)		The Act on Municipal Activation allows municipal authorities to buy training courses from the local PES. These courses are primarily intended to prepare individuals for other training programmes or to participate in more vocational schemes, such as Job Training. Within this option individuals can chose from: further training in day high-schools, extraordinary education in youth schools, courses in community Danish language courses for immigrants and refugees (Rosdahl and Weise 2001, p. 173).

⁴ http://www.eu-employment-observatory.net/ersep/uk_uk/00805340.asp

Table 5 – Training Programmes (cont.)

<i>Scheme (country)</i>	<i>Name /Legislation</i>	<i>Target Group</i>	<i>Description</i>
BS (Denmark)	Adult Vocational Training		These courses are intended to improve the skills of unemployed individuals in accordance with the needs of the local/regional labour markets. Individuals receive a formal qualification that is recognised at the national level. The overall offer of training courses is determined in cooperation with the social partners at the national level (European Employment Observatory 1997 ⁵).
	(not available)		
	Basic Vocational Training		This measure provides training courses for young individuals who are deemed in need of them, or might require them to access further education. These courses can be organised by enterprises, commercial and technical schools (European Employment Observatory 1997 ⁶).
	(not available)		
	Specific Training Courses		PES can organise specific training courses targeted at particular groups such as employed persons, jobseekers, young persons or refugees/migrant workers. These courses have a minimal duration of 6 weeks. Ordinary training courses can last up to 36 weeks, whereas special training courses may last for 18 months maximum (European Employment Observatory 1997 ⁷).
	(not available)		

⁵ http://www.eu-employment-observatory.net/ersep/dk_uk/00800341.asp⁶ http://www.eu-employment-observatory.net/ersep/dk_uk/00800045.asp⁷ http://www.eu-employment-observatory.net/ersep/dk_uk/00804677.asp

Table 5 – Training Programmes (cont.)

<i>Scheme (country)</i>	<i>Name / Legislation</i>	<i>Target Group</i>	<i>Description</i>
RMG (Portugal)	Vocational training for young and adults	Young people and adults, either employed or unemployed, aged 18 and over, with no qualifications or inadequate qualifications and who did not complete the four, six or nine years of basic education.	The vocational training courses include three components: general training, socio-cultural training and technical training. A traineeship in a working environment is also planned. Courses have a minimum duration of 1,020 hours or 1,500 hours depending on the level of education of participants (EUROSTAT 2001b, p. 14).
	Ordinances n° 897/98 of 22 November and n°123/97 of 17 June		
	Special training for disadvantaged groups	Long-term unemployed, young at risk and other vulnerable groups	Participants can benefit from training and counselling actions to avoid social exclusion and allow their professional integration. These actions consist in developing information sessions and specialised training provided by technical assistants. Cost of the training is subsidised by public authorities. Participants can benefit from an allowance and from reimbursement of participants (EUROSTAT 2001b, p. 12).
	Decree Law 247/85 of 12.7.85; Ordinance 140/93 of 6.7.93		

Table 5 – Training Programmes (cont.)

<i>Scheme (country)</i>	<i>Name /Legislation</i>	<i>Target Group</i>	<i>Description</i>
RMG (Portugal)	Training for unemployed	Unemployed	Instrument: State co-finances training actions for eligible participants in public or private training centres (EUROSTAT 2001b, p. 11).
	Decree Law 247/85 of 12.7.85		
	Initial training	Young and adult unemployed with a qualification level II or III	Instrument: Eligible participants can follow training courses (1500 hrs) in public or private training centres. Trainees receive an allowance, whereas training structures benefit from the aid of the State (EUROSTAT 2001, p. 10).
	Decree Law 247/85 of 12.7.85		
RMI (France)	Individual training-for-employment and integration courses (SIFE)	Unemployed with low levels of qualifications or out-dated specialist skills.	These courses offer jobseekers with some experience of work the chance to update or extend their skills. The training is of short duration (1 to 3 months) and is organised as far as possible according to individual training needs. The courses are organised and managed by ANPE (EUROSTAT 2001d, p. 25).
	Articles L.322-4-1 of the Labour Code and Circular of 1st August 1994.		

Table 6 – Apprenticeship Programmes

<i>Scheme (country)</i>	<i>Name / Legislation</i>	<i>Target Group</i>	<i>Description</i>
(JSA) United Kingdom	Modern Apprenticeships Administrative regulation ⁸	Young Unemployed, individuals without N/SVQ 2 or equivalent qualification	Modern Apprenticeships are aimed primarily at 16-17 year-olds to enable them to train for jobs at craft, technician and trainee-management level, although LECs have discretion to fund training for young people aged 18-24. The training must lead to SVQ Level III or above and include core skills. National Training Organisations (NTOs) develop MA frameworks for their sector (European Employment Observatory 1999 ⁹).
RMG (Portugal)	Apprenticeship training for young people Decree Law 205/96 of 25.10.96; Regional administrative ordinance 9/86/M of 14.6.86	Young people without qualification who are beyond the compulsory school age	Participants can benefit from vocational training as well as general education. The first is carried out in enterprises or inter-company training centres or in recognised professional training centres; the general training is provided in vocational training centres. The young people are bound to an enterprise by an apprenticeship contract. They receive social assistance and an allowance for practical, work-related training. On completion of the training they are entitled to a training certificate attesting a certain level of qualification and schooling. Three levels of courses are available and can be complemented with further vocational courses (EUROSTAT 2001b, p. 23).

⁸ Under the Employment and Training Act 1973 (section 2), the Secretary of State (for employment) has discretionary powers to set up, fund and administer employment and training programmes without the need for further secondary legislation.

⁹ http://www.eu-employment-observatory.net/ersep/uk_uk/00803248.asp

Table 6 – Apprenticeship Programmes

RMI (France)	Exemptions and subsidies for recruitment of apprentices Articles L.115-1, L.116-1, L.117-1 of the Labour Code (Code Law n°96-376 of 6 May 1996.	Young people who are unemployed or inactive and with low qualifications.	The apprenticeship contract is an alternance training contract lasting at least as long as the term of the training which is the object the contract (between 1 and 3 years). It allows the recipient to obtain a recognised vocational qualification with a diploma of vocational or technological education of secondary level or above. The state covers all social contributions due in respect of the remuneration of an apprentice throughout an apprenticeship contract (typically 2 years) (EUROSTAT 2001d, p. 29).
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**ANNEX 3 – SENSITIVITY ANALYSIS OF THE
DISTRIBUTION OF WEIGHTS IN URP INDICATOR**

Table 1 – URP based on a 0.8/0.2 weight distribution

	<i>Inflow Into Employment</i>	<i>% of max</i>	<i>Relevance of Flow From Unemployment to Employment</i>	<i>% of max</i>	<i>URP (0.8/0.2)</i>
SZH97	16.60	1.00	18.10	0.37	0.87
SZH99	15.60	0.94	16.30	0.33	0.82
SB97	12.40	0.75	18.90	0.39	0.68
SB98	11.50	0.69	20.70	0.42	0.64
ABW97	8.30	0.50	25.70	0.53	0.51
ABW99	7.90	0.48	22.30	0.46	0.47
RMI98	9.50	0.57	48.80	1.00	0.66
RMG98	8.00	0.48	36.20	0.74	0.53
SWA98	11.60	0.70	29.70	0.61	0.68
TTK97	13.30	0.80	35.30	0.72	0.79
TTK99	12.20	0.73	32.30	0.66	0.72
JSA97	14.00	0.84	17.90	0.37	0.75
JSA99	15.10	0.91	12.80	0.26	0.78

Table 2 – URP based on a 0.7/0.3 weight distribution

	<i>Inflow Into Employment</i>	<i>% of max</i>	<i>Relevance of Flow From Unemployment to Employment</i>	<i>% of max</i>	<i>URP (0.7/0.3)</i>
SZH97	16.60	1.00	18.10	0.37	0.81
SZH99	15.60	0.94	16.30	0.33	0.76
SB97	12.40	0.75	18.90	0.39	0.64
SB98	11.50	0.69	20.70	0.42	0.61
ABW97	8.30	0.50	25.70	0.53	0.51
ABW99	7.90	0.48	22.30	0.46	0.47
RMI98	9.50	0.57	48.80	1.00	0.70
RMG98	8.00	0.48	36.20	0.74	0.56
SWA98	11.60	0.70	29.70	0.61	0.67
TTK97	13.30	0.80	35.30	0.72	0.78
TTK99	12.20	0.73	32.30	0.66	0.71
JSA97	14.00	0.84	17.90	0.37	0.70
JSA99	15.10	0.91	12.80	0.26	0.72

Table 3 – URP based on a 0.6/0.4 weight distribution

	<i>Inflow Into Employment</i>		<i>Relevance of Flow From Unemployment to Employment</i>		<i>URP (0.6/0.4)</i>
		<i>% of max</i>		<i>% of max</i>	
SZH97	16.60	1.00	18.10	0.37	0.75
SZH99	15.60	0.94	16.30	0.33	0.70
SB97	12.40	0.75	18.90	0.39	0.60
SB98	11.50	0.69	20.70	0.42	0.59
ABW97	8.30	0.50	25.70	0.53	0.51
ABW99	7.90	0.48	22.30	0.46	0.47
RMI98	9.50	0.57	48.80	1.00	0.74
RMG98	8.00	0.48	36.20	0.74	0.59
SWA98	11.60	0.70	29.70	0.61	0.66
TTK97	13.30	0.80	35.30	0.72	0.77
TTK99	12.20	0.73	32.30	0.66	0.71
JSA97	14.00	0.84	17.90	0.37	0.65
JSA99	15.10	0.91	12.80	0.26	0.65

Table 4 – URP based on a 0.5/0.5 weight distribution

	<i>Inflow Into Employment</i>		<i>Relevance of Flow From Unemployment to Employment</i>		<i>URP (0.5/0.5)</i>
		<i>% of max</i>		<i>% of max</i>	
SZH97	16.60	1.00	18.10	0.37	0.69
SZH99	15.60	0.94	16.30	0.33	0.64
SB97	12.40	0.75	18.90	0.39	0.57
SB98	11.50	0.69	20.70	0.42	0.56
ABW97	8.30	0.50	25.70	0.53	0.51
ABW99	7.90	0.48	22.30	0.46	0.47
RMI98	9.50	0.57	48.80	1.00	0.79
RMG98	8.00	0.48	36.20	0.74	0.61
SWA98	11.60	0.70	29.70	0.61	0.65
TTK97	13.30	0.80	35.30	0.72	0.76
TTK99	12.20	0.73	32.30	0.66	0.70
JSA97	14.00	0.84	17.90	0.37	0.61
JSA99	15.10	0.91	12.80	0.26	0.59

Table 5 – Correlation between employment effectiveness and URP (based on a 0.8/0.2 weight distribution)

	Y	URP (0.8/0.2)
SZH97	21.43	0.87
SZH99	14.71	0.82
SB97	29.85	0.68
SB98	28	0.64
ABW97	20.62	0.51
ABW99	15.07	0.47
RMI98	18.37	0.66
RMG98	22.5	0.53
SWA98	29.41	0.68
TTK97	35.09	0.79
TTK99	35.94	0.72
JSA97	31.03	0.75
JSA99	28.13	0.78
		$r = 0.31$

Table 6 – Correlation between employment effectiveness and URP (based on a 0.7/0.3 weight distribution)

	Y	URP (0.7/0.3)
SZH97	21.43	0.81
SZH99	14.71	0.76
SB97	29.85	0.64
SB98	28	0.61
ABW97	20.62	0.51
ABW99	15.07	0.47
RMI98	18.37	0.70
RMG98	22.5	0.56
SWA98	29.41	0.67
TTK97	35.09	0.78
TTK99	35.94	0.71
JSA97	31.03	0.70
JSA99	28.13	0.72
		$r = 0.34$

Table 7 – Correlation between employment effectiveness and URP (based on a 0.6/0.4 weight distribution)

	<i>Y</i>	<i>URP (0.6/0.4)</i>
SZH97	21.43	0.75
SZH99	14.71	0.70
SB97	29.85	0.60
SB98	28	0.59
ABW97	20.62	0.51
ABW99	15.07	0.47
RMI98	18.37	0.74
RMG98	22.5	0.59
SWA98	29.41	0.66
TTK97	35.09	0.77
TTK99	35.94	0.71
JSA97	31.03	0.65
JSA99	28.13	0.65
		<i>r</i> = 0.34

Table 7 – Correlation between employment effectiveness and URP (based on a 0.6/0.4 weight distribution)

	<i>Y</i>	<i>URP (0.5/0.5)</i>
SZH97	21.43	0.69
SZH99	14.71	0.64
SB97	29.85	0.57
SB98	28	0.56
ABW97	20.62	0.51
ABW99	15.07	0.47
RMI98	18.37	0.79
RMG98	22.5	0.61
SWA98	29.41	0.65
TTK97	35.09	0.76
TTK99	35.94	0.70
JSA97	31.03	0.61
JSA99	28.13	0.59
		<i>r</i> = 0.29

ANNEX 4 – CORRELATIONAL ANALYSIS

Table 1 – Correlation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development

	Satisfaction of Income Needs (*0.4)	Freedom to choose other activities instead of paid work (*0.05)	Freedom to choose type of job (*0.05)	Freedom From Discretion (*0.05)	Opportunity to Work or participate in Education & Training (*0.075) ¹	Use of Restitutory Sanctions (*0.3)	Respect for the Right to Personal Development Σ	GMI employment effectiveness (Y)	Unemployed Reintegration Performance (X)	GMI Marginal Effectiveness (Z = Y-Y')
SZH97	0.52	0.60	0.50	0.10	0.62	0.94	0.64	21.43	0.75	-6.65
SZH99	0.52	0.60	0.50	0.10	0.68	0.94	0.64	14.71	0.70	-12.05
SB97	0.85	0.50	0.00	0.30	1.00	0.00	0.51	29.85	0.60	5.54
SB98	0.89	0.50	0.00	0.30	1.00	0.75	0.77	28.00	0.59	4.15
ABW97	0.97	0.60	0.25	0.40	0.33	1.00	0.78	20.62	0.51	-1.29
ABW99	0.96	0.60	0.25	0.40	0.36	1.00	0.77	15.07	0.47	-5.75
RMI98	0.61	0.30	0.00	0.75	0.67	0.00	0.36	18.37	0.74	-9.58
RMG98	0.52	0.60	0.00	0.75	0.27	0.00	0.33	22.50	0.59	-1.36
SWA98	0.73	0.30	1.00	1.00	0.66	0.75	0.63	29.41	0.66	3.55
TTK97	0.68	0.50	0.00	0.20	0.67	0.75	0.62	35.09	0.77	6.45
TTK99	0.62	0.50	0.00	0.20	0.62	1.00	0.69	35.94	0.71	8.97
JSA97	0.58	0.12	0.50	1.00	0.10	0.38	0.39	31.03	0.65	5.43
JSA99	0.59	0.42	0.50	1.00	0.13	0.38	0.41	28.13	0.65	2.58
<i>r</i> / Y	-0.06	-0.39	-0.11	0.12	0.13	-0.09	-0.08	-	-	-
<i>r</i> / Z	0.19	-0.31	-0.14	0.17	0.05	-0.06	0.02	-	-	-
<i>r</i> / URP	-	-	-	-	0.24	-	-	0.34	-	-

Notes:

1 - Values in this column represent the product of the sum of the investment in ALMP as a percentage of GDP for each country, as a proportion of the best performing case.

Table 2 - Correlation between the employment effectiveness of GMI schemes and their respect for the Right to Personal Development, when the Opportunity to Work or participate in Education & Training is not included

	Satisfaction of Income Needs (*0.4)	Freedom to choose other activities instead of paid work (*0.1)	Freedom to choose type of job (*0.1)	Freedom From Discretion (*0.1)	Use of restitutory sanctions (*0.3)	Respect for the Right to Personal Development Σ	GMI employment effectiveness (Y)	Unemployed Reintegration Performance (X)	GMI Marginal Effectiveness (Z = Y-Y')
SZH97	0.52	0.60	0.50	0.10	0.94	0.61	21.43	0.75	-6.65
SZH99	0.52	0.60	0.50	0.10	0.94	0.61	14.71	0.70	-12.05
SB97	0.85	0.50	0.00	0.30	0.00	0.42	29.85	0.60	5.54
SB98	0.89	0.50	0.00	0.30	0.75	0.66	28.00	0.59	4.15
ABW97	0.97	0.60	0.25	0.40	1.00	0.81	20.62	0.51	-1.29
ABW99	0.96	0.60	0.25	0.40	1.00	0.81	15.07	0.47	-5.75
RMI98	0.61	0.30	0.00	0.75	0.00	0.35	18.37	0.74	-9.58
RMG98	0.52	0.60	0.00	0.75	0.00	0.34	22.50	0.59	-1.36
SWA98	0.73	0.30	1.00	1.00	0.75	0.75	29.41	0.66	3.55
TTK97	0.68	0.50	0.00	0.20	0.75	0.57	35.09	0.77	6.45
TTK99	0.62	0.50	0.00	0.20	1.00	0.62	35.94	0.71	8.97
JSA97	0.58	0.12	0.50	1.00	0.38	0.51	31.03	0.65	5.43
JSA99	0.59	0.42	0.50	1.00	0.38	0.54	28.13	0.65	2.58
<i>r</i> / Y	-0.06	-0.39	-0.11	0.12	-0.09	-0.13	-	-	-
<i>r</i> / Z	0.19	-0.31	-0.14	0.17	-0.06	0.01	-	-	-
<i>r</i> / URP	-	-	-	-	-		0.34	-	-

ANNEX 5 – FUNDAMENTALS OF QUALITATIVE COMPARATIVE ANALYSIS

1. BASICS OF QUALITATIVE COMPARATIVE ANALYSIS

1.1. USE OF BINARY DATA

Comparative analysis using Boolean Algebra consists in analysing how a given outcome emerges as the result of the presence or absence of certain conditions. Hence, both the dependent and the independent variables are represented using a binary nominal scale, where 1 means presence of a certain condition/outcome, and 0 means the absence of that condition/outcome. This conditions how more complex variables are represented. Hence, nominal-scale measures with more than two categories should be represented with several binary variables. Interval-scale measures are transformed into multicategory (binary) nominal-scale variables (Ragin 1987, p. 86).

1.2. USE OF THE TRUTH TABLE TO REPRESENT THE DATA

Once the raw data has been recoded in binary variables, this will be presented in a Truth Table. Each row represents a logical combination of independent variables associated with a given output value of the dependent variable. Besides the logical combination of dependent and independent variables, the Truth Table includes a column representing the frequency of a given combination. Yet, one must be aware that this is not as important in Boolean analysis as it is in traditional statistical analysis. Nonetheless, there are ways of incorporating the frequency of a given combination as part of the comparative analysis. For instance, one can set a minimal number of observations for a given combination to be considered relevant in the analysis (Ragin 1987, p. 87-9).

1.3. COMBINATORIAL LOGIC: BOOLEAN ADDITION AND BOOLEAN MULTIPLICATION

In Boolean algebra '+' is the equivalent to the logical operator 'OR'. The meaning of this logical operator must be related with the differentiation between necessary and sufficient conditions. If one considers the following logical combination:

$$A + B + C = Y^1$$

This means that Y can occur as long as one of the three conditions (A, B or C) is present. Here lies a significant advantage in regards to statistical analysis, which in order to achieve this result would require a higher number of cases (and the application of discriminant analysis or log-linear analysis).

In Boolean algebra 'x' is the equivalent to the logical operator 'AND'. If one considers the following logical combination:

$$Abc^2 + ABC = Y$$

This means that Y can occur when one of these two combinations (AbC, ABC) occur. The important thing here is that a combination Abc means that a given outcome refers to the presence of A, 'AND' the absence of B, 'AND' the absence of C. More than that, it means that can A only produce Y if B and C are absence. This is a necessary condition (Ragin 1987, p. 89-92).

1.4. BOOLEAN MINIMISATION AND PRIME IMPLICANTS³

As mentioned earlier, the Table of Truth presents a number of logical combinations (Primitive Expressions) of dependent variables that are expected to produce a given outcome. Boolean minimisation is the process by which one can simplify the diversity of Primitive Expressions and provide a more succinct formula to explain Y. Underlying the minimisation procedures in Boolean analysis is the concept of implication: "A Boolean expression is said to imply another if the membership of the second term is a subset of the membership of the first" (Ragin 1987, p. 95). Hence, the process of minimisation intends to determine which is the simplest way to explain a larger subset of configurations.

The first step of this minimisation process consists in reducing the number of expressions that cause a given outcome. This minimisation operation consists of an experiment-like

¹ As a convention, when a variable is represented with an uppercase, this means that the variable is present (1). When a variable is represented with a lowercase, this means that the variable is absent (0).

² One must remember that, in order to simplify algebraic functions, the multiplication sign can be collapsed.

³ One should first try to analyse there are no contradictory combinations in our analysis.

process where pairs of configurations, differing in just one cause are compared in order to find a simpler expression. The basic minimisation rule is the following:

“If two Boolean expressions differ only in one causal condition yet produce the same outcome, then the causal conditions that distinguishes the two expressions can be considered irrelevant and can be removed to create a simpler, combined expression” (Ragin 1987, p. 93).

Take the following function:

$$Y = ABC + AbC + ABc + aBc$$

Applying the minimisation rule mentioned earlier we get:

$$Y = AC + AB + Bc$$

The terms of this function are called ‘primary implicants’, in the sense that they imply a larger number of primitive expressions. Yet, it might happen that not all primary implicants are logically essential, i.e, there are more primary implicants than those really needed to explain the totality of primitive expressions. The second stage of this minimisation process consists in the construction of a prime implicant chart, which maps the links between prime implicants and the primitive expressions. (If the prime implicant charts are very complicated it might be necessary to use sophisticated computer algorithms). This second minimisation stage will lead to a ‘logically minimal equation’, which uses the essential prime implicants to explain a given output. One should nonetheless be aware that this second stage of of the minimisation process is optional. It is necessary to determine if the logical minimal equation is the most suitable form to explain a given output (Ragin 1987, p. 95-98).

Finally, one should mention a further method of simplifying the functions that explain how a given outcome is produced. This can be done through Boolean factoring. Take the following function:

$$Y = AB + AC + AD$$

This can be represented in the following way

$$Y = A(B + C + D)$$

There are significant advantages to factoring a given Boolean function. First of all, it allows us to better differentiate necessary and sufficient conditions. Furthermore, it identifies the conditions that are causally equivalent.

Factoring can also be used to simplify an expression that could not be simplified through the use of prime implicants or in order to adjust the findings of the comparative analysis to the theoretical framework used ('theoretical factoring') (Ragin 1987, p. 110-11).

1.5. EXPLAINING ABSENT OUTCOMES – THE USE OF MORGAN'S LAW

In some cases it might be necessary to explain the absence of a given output. Instead of building a new truth table and reapplying the minimisation algorithms, one can apply Morgan's Law to the equation that explains how that output has been produced. This means that the terms of the equation will be inverted. Hence:

- The presence of a given condition (A) will be recoded as absence (a);
- Logical AND is recoded as logical OR
- Logical OR is recoded as logical AND

For instance, if one takes the following equation

$$S = AC + Bc$$

will be transformed in the following equation:

$$s = (a + c) (b + C)$$

this can be further simplified

$$s = ab + aC + bc$$

1.6. NECESSARY AND SUFFICIENT CAUSES

The dichotomy necessity/sufficiency is of especial interest in comparative analysis as clarifies the causal relations between conditions and outcomes. This is especially useful in studies that aim to test theoretical arguments, or that analyse a set of cases with very similar outcomes. When a cause is deemed as necessary when it is always present when a certain outcome occurs. When a cause can produce an outcome by itself it is defined as sufficient.

Necessity and sufficiency should be always taken in consideration jointly:

- In certain cases there is only one explanatory condition to a given outcome – then the cause is both sufficient and necessary;
- In other cases there is more than one cause can, by itself, produce a given outcome – these are sufficient, but not necessary causes;
- In some cases a given cause is present in all combinations, but cannot, by itself, produce a given outcome – this is a necessary, but not sufficient cause;
- In other cases, a cause appears only appears in a subset of combinations that produce a given outcome - this cause is neither necessary nor sufficient (Ragin 1987, p. 99-101);

2. OTHER ISSUES IN QCA

2.1. LIMITED DIVERSITY

In traditional statistical analysis the issue of diversity is dealt by the setting of a number of assumptions on populations, variables and how these relate (the use of *ceteris paribus* conditions and linear models is the best example of this approach. In qualitative comparative research, the analysis of causal relationships is done by maximising diversity and complexity. The problem of limited diversity is specially significant for (qualitative) comparative analysis, as it limits the possibility to extract causal relations. These are limited by the range of causally relevant conditions that actually exist (Ragin 1987, p. 104-6).

Boolean analysis allows us to deal with the issue of limited diversity. There are two options to this.

Option 1 – Limiting causal inference to existing combinations

The first option would consist in accessing the diversity of causal combinations for a given phenomenon. This can be done by introducing an output column in the truth table. This column (P) will identify if a particular combination actually exists (1) or not (0). Then one can use the traditional minimisation algorithms to identify an equation which shows the basic types of combinations that actually exist. For instance:

$$P = ac + aD + BD + Abd$$

This means that in the sample of cases under analysis one can find these typical combinations. One must remember though, that these are typical combinations. There are other types of combinations.

Using Morgan's law, one can determine the type of combinations that are not present in the sample:

$$p = ABd + aCd + AbD + BCd$$

These two equations determine the limits of the analysis, i.e., the causal inferences can only be applied to existing combinations (P). In the same line of thought, one can also assume that these non-existing combinations would not produce the output (R) under analysis. In fact, the author suggests that these combinations should be recorded as non-presence of outputs (r)** (Ragin 1987, p. 107-9).

Once we have recoded the truth table, we can then apply the minimisation algorithms in order to determine which causal conditions produce output R. Assuming that the equation would be

$$R = ABD + aCD$$

One can derive R only occurred in two typical types of combinations, from the existing four. In subsequent phases the researcher use these two combinations to classify the cases where the output was present (Ragin 1987, p. 109-10).

Option 2 – Extending causal inference to non-existing combinations

As mentioned earlier, there is a second (optional) step to deal with the issue of limited diversity. Traditionally comparative researchers tend to either restrict their causal inferences to the cases under analysis. In order cases, some try to expand those inferences to nonexistent cases, neglecting or obscuring the assumptions that underlie such an exercise. In order to enable qualitative comparative analysis to extend causal inferences to non-existent combinations.

In order to do this the author suggests that non-existent combinations are recoded to produce output R⁴. Prime implicants are derived using existent and non-existent conditions. Yet, when constructing the prime implicant chart to simplify the explanatory equation, the non-existing combinations should not be included⁵ (Ragin 1987, p. 109-10).

One should nonetheless be careful in the use of this second option. Actually, the author suggest that using the first option is more adequate, especially when the number of cases is small. First of all, because this does not imply any assumptions on non-existent combinations. Second, especially if the analysis involves a small number of cases, the analysis of complexity might be more important than parsimony (Ragin 1987, p. 13).

2.2. CONTRADICTORY COMBINATIONS

As the number of cases under analysis grows, the probability of finding contradictory rows increases. This might produce combinations with no clear outcome. This is a problem that must be cleared in the construction of the truth table. The author suggests two main

⁴ Note that this is the opposite of Option 1, where non-existing combinations . There is a point of criticism here. The underlying logic of Option 1 is that R is a logical consequence of P, i.e., r would not be present if the combinations in P were not there. Yet, this does not apply to option two. This option would only allow us to speculate of the possibility that all non-existing combinations would produce the same output.

⁵ There is a second criticism to this. Earlier the author suggests that the prime implicant chart is optional. Yet, here he does not make it clear if in order to extend causal inferences to non-existent combinations the prime implicant chart is mandatory or not.

approaches to deal with this issue. The (traditional) ‘case-oriented approach’ consists in reanalysing more thoroughly the troublesome cases in order to find omitted or uncovered variables, and if necessary to reconstruct the truth table in order to include those variables (Ragin 1987, p. 13). The truth table can be used to help in the task of identifying omitted or variables or refine existing variables. The process consists of creating a new column (X) which differentiates between combinations that produce a clear outcome (0)⁶ and contradictory combinations (1). The truth table is simplified by using the traditional minimisation algorithms. Assuming that the final equation would be

$$X = ABD + Abd$$

In order to simplify this equation the author suggests that non-existent combinations are recoded to produce output X⁷. Prime implicants are derived using existent and non-existent conditions (which are recoded as 1). Yet, when constructing the prime implicant chart to simplify the explanatory equation, the non-existing combinations should not be included⁸. The author suggests that the result of this equation would be

$$X' = A$$

What both equations tell us is that contradictory causal combinations can occur when A is present. This might lead the researcher to clarify the content of A, or alternatively, to try to look for an omitted variable that might condition the influence of A (Ragin 1987, p. 113-15).

Despite the preference given to this option by the author, in some cases, it is not possible to go back to the data. In other cases, when the purpose is to test a given theory, it might not adequate to include explanatory variables that are not covered by that theoretical framework⁹. The second approach would then consist in the elimination of contradictory

⁶ Hence all combinations in R that are coded as 1 or 0, will be recoded as 0.

⁷ Note that this is the opposite of Option 1, where non-existing combinations . There is a point of criticism here. The underlying logic of Option 1 is that R is a logical consequence of P, i.e., r would not be present if the combinations in P were not there. Yet, this does not apply to option two. This option would only allow us to speculate of the possibility that all non-existing combinations would produce the same output.

⁸ There is a second criticism to this. Earlier the author suggests that the prime implicant chart is optional. Yet, here he does not make it clear if in order to extend causal inferences to non-existent combinations the prime implicant chart is mandatory or not.

⁹ Curiously, the author does not recognise this type of situation.

combinations by Boolean or statistical techniques. The author suggest three Boolean alternatives:

- Recode the outcome of contradictory combinations as 0 – The assumption that given the fact that there are contradictory evidence, it might be best to assume that they will not produce the outcome in question;
- Recode the outcome of contradictory combinations as 1 – the assumption here is that in order to capture the full complexity of a given phenomenon, contradictory combinations should be considered to produce the outcome in question;
- Recode the outcome of contradictory combinations as Non-Existent – By using the minimisation operations used to extend causal inferences to non-existing combinations¹⁰, it might be possible to determine which outcome value the contradictory combination should receive. If they produce a minimal solution, they receive a coding of 1. If not they receive a coding of 0¹¹ (Ragin 1987, p. 116-17).

If the number of cases allows it is possible to use statistical techniques to recode the contradictory combinations. One option is to set a standard for the probability of a positive outcome for the whole sample of cases and then to compare the probability of a positive outcome in the set of contradictory conditions. When the probability for the contradictory combinations is significantly higher than the standard probability (say, at the least, 0.33) then these combinations will be recoded as producing a positive outcome (1). In the opposite case, then these combinations will be recoded as producing a absent outcome (0). This option might, however not eliminate all the ambiguous combinations (Ragin 1987, p. 117).

One more complex option would consist in using a logit model to compute the expected outcome values for each combination. The observed deviations from the expected values could then be used as the basis for the recoding the ambiguous combinations. Hence, large positive deviations would be coded 1 and large negative deviations would be coded 0 (Ragin 1987, p. 117-18)¹².

¹⁰ In order to do this the author suggests that non-existent combinations are recoded to produce output R . Prime implicants are derived using existent and non-existent conditions. Yet, when constructing the prime implicant chart to simplify the explanatory equation, the non-existing combinations should not be included (Ragin 1987, p. 109-10).

¹¹ The option is not clear.

¹² The author mentions, in very superficial terms, a third option of conducting a Boolean analysis and a log-linear analysis.

2.3. EVALUATING THEORETICAL ARGUMENTS

Boolean analysis allows various options in the testing competing theoretical frameworks.

2.3.1. Determining which causal combinations that were hypothesized by different theoretical frameworks are found in the empirical analysis.

Theories do not specify causal variables alone. They point to causal combinations. Lets assume that there are two contradicting theories on R. T^1 argues that $R = B$, and T^2 argues that $T = aCd$. Boolean analysis can be used to test their empirical validity. This can be done by mapping the areas of agreement or disagreement between the theoretical derived model (T) and the results of the analysis of the truth table (R' ¹³). Lets assume that

$$T = B + aCd$$

$$R' = AB + CD$$

If we intercept the two, we have:

$$(T) (R') = (B + aCd) (AB + CD)$$

Applying the Distributive Law of Boolean Algebra¹⁴, this can be transformed in the following way

$$(T) (R') = BAB^{15} + BCD + aCdAB^{16} + aCdCD^{17}$$

¹³ Here the author uses R' , which includes non-existent observations. Yet, as the author it self mentions, the inclusion of this type of combinations is not mandatory (Ragin 1987, p. 117-18). Given that these equations are supposed to be more parsimonious, hence simpler to use, I will assume that the author uses R' for demonstration purposes.

¹⁴ See Laws of Boolean Algebra in Annex I.

¹⁵ Applying the Absortion Law, B is part of AB.

¹⁶ This is an inconsistent term, as 'A' is both present and absent. Hence, this expression is not valid.

¹⁷ This is an inconsistent term, as 'D' is both present and absent. Hence, this expression is not valid.

$$(T) (R') = AB + BCD$$

This would show that the hypothesis posed by T^1 can only be partially confirmed, as B is not a sufficient condition to produce R. B can only produce R in the presence of A or instead in the presence of CD.

2.3.2. Determining causal combinations that were not hypothesized by different theoretical frameworks

Boolean analysis also allows us to identify the shortcomings of the competing theories. The first step here is to determine the causal conditions that were not hypothesised by the existing theories. This can be done by applying De Morgan's Law to T:

$$T = B + aCd$$

$$t = b (A + c + D)$$

$$t = Ab + bc + bD$$

The next step is to intercept t with R' :

$$(t) (R') = (Ab + bc + bD) (AB + CD)$$

$$(t) (R') = \cancel{AbAB} + AbCD + \cancel{bcAB} + \cancel{bcCD} + \cancel{AbbD} + bDCD$$

$$(t) (R') = AbCD + bCD$$

$$(t) (R') = bCD$$

If one looks at T^1 and T^2 , one can observe that neither considers that the absence of 'B' can produce R. What the previous operation shows is that in situations where 'C' and 'D' is present, the absence of 'B' does not impede R.

2.3.3. Modeling causal combinations that were hypothesized by different theoretical frameworks, but did not produce the outcome under analysis

Boolean analysis adds to the analysis of competing frameworks by allowing the researcher to model causal combinations that were hypothesised but that empirical evidence has shown not to produce the outcome. This is done by intercepting T and r'. r' refers to all instances of the absence of the outcome (this is achieved by applying De Morgan's law to R).

$$R' = AB + CD$$

$$r' = (a + b)(c + d)$$

$$r' = ac + ad + bc + bd$$

$$T = B + aCd$$

$$(T)(r') = (B + aCd)(ac + ad + bc + bd)$$

$$(T)(r') = aBc + aBd + aCd$$

This operation shows that the second theory (aCd) is not in anyway confirmed by the theory. In addition, the first theory (B) appears to overemphasise the role of B in order to produce the outcome. In fact, this can only produce the outcome in the presence of 'a' and 'c' or, alternatively, in the presence of 'a' and 'd'.

3. LAWS OF BOOLEAN ALGEBRA¹⁸

Commutative Law

$$(a) A + B = B + A$$

$$(b) A B = B A$$

¹⁸ <http://www.ee.surrey.ac.uk/Projects/Labview/boolalgebra/#identitylaw>

Associate Law

(a) $(A + B) + C = A + (B + C)$

(b) $(A B) C = A (B C)$

Distributive Law

(a) $A (B + C) = A B + A C$

(b) $A + (B C) = (A + B) (A + C)$

Identity Law

(a) $A + A = A$

(b) $A A = A$

Redundance Law

(a) $A + A B = A$

(b) $A (A + B) = A$

**ANNEX 6 – VALIDATION OF THE RESEARCH
HYPOTHESIS USING QCA**

1. EMPIRICAL CONFIRMATION OF RESEARCH HYPOTHESIS

One can test the research hypothesis that guides this study by mapping the areas of agreement or disagreement between the research hypothesis (T'GMIEFF), and the empirically derived model (GMIEFF).

Assuming that:

$$T'GMIEFF = INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT$$

and

$$GMIEFF = INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + \\ incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT$$

Then:

$$(T'GMIEFF)(GMIEFF) = (INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT) (INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT)$$

$$\begin{aligned} (T'GMIEFF)(GMIEFF) = & (INCNEED*\del{FREEEMP}*FREEJOB*FREEDISC*RESANCT* INCNEED*\del{freeemp}*freejob*freedisc) + \\ & (INCNEED*\del{FREEEMP}*FREEJOB*FREEDISC*RESANCT * \del{freeemp}*freejob*freedisc*RESANCT) + \\ & (INCNEED*\del{FREEEMP}*FREEJOB*FREEDISC*RESANCT* incneed*\del{freeemp}*FREEJOB*FREEDISC*resanct) + \\ & (INCNEED*\del{FREEEMP}*FREEJOB*FREEDISC*RESANCT* INCNEED*\del{freeemp}*FREEJOB*FREEDISC*RESANCT) \end{aligned}$$

$$(T'GMIEFF)(GMIEFF) = 0$$

Note:

INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT – Redundant condition/combination

~~INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT~~ – Inconsistent combination

2. REBUTTAL OF NORMATIVE FRAMEWORK

$$(T'GMIEFF) (gmieff) = (INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT) (incneed*freeemp*freejob*FREEDISC*resanct + INCNEED*FREEEMP*freejob*freedisc*RESANCT + incneed*FREEEMP*FREEJOB*freedisc*RESANCT)$$

$$(T'GMIEFF) (gmieff) = \cancel{INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT} * \cancel{incneed*freeemp*freejob*FREEDISC*resanct} + INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT*INCNEED*FREEEMP*freejob*freedisc*RESANCT + \cancel{INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT} * \cancel{incneed*FREEEMP*FREEJOB*freedisc*RESANCT}$$

$$(T'GMIEFF) (gmieff) = 0$$

3. IDENTIFYING THE INSUFFICIENCIES OF THE NORMATIVE FRAMEWORK

$$t'GMIEFF = incneed + freeemp + freejob + freedisc + resanct$$

$$(t'GMIEFF) (GMIEFF) = (incneed + freeemp + freejob + freedisc + resanct) (INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT)$$

$$\begin{aligned} (t'GMIEFF) (GMIEFF) = & \cancel{incneed*INCNEED*freeemp*freejob*freedisc} + incneed*freeemp*freejob*freedisc*RESANCT + \cancel{incneed*incneed*freeemp*FREEJOB*FREEDISC*resanct} + \\ & \cancel{incneed*INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT} + \cancel{freeemp*INCNEED*freeemp*freejob*freedisc} + \cancel{freeemp*freeemp*freejob*freedisc*RESANCT} + \\ & \cancel{freeemp*incneed*freeemp*FREEJOB*FREEDISC*resanct} + \cancel{Ifreeemp*INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT} + \cancel{freejob*INCNEED*freeemp*freejob*freedisc} + \\ & \cancel{freejob*freeemp*freejob*freedisc*RESANCT} + \\ & \cancel{freejob*incneed*freeemp*FREEJOB*FREEDISC*resanct} + \cancel{freejob*INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT} + \cancel{freedisc*INCNEED*freeemp*freejob*freedisc} + \\ & \cancel{freedisc*freeemp*freejob*freedisc*RESANCT} + \cancel{freedisc*incneed*freeemp*FREEJOB*FREEDISC*resanct} + \cancel{freedisc*INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT} + \\ & \cancel{resanct*INCNEED*freeemp*freejob*freedisc} + \cancel{resanct*freeemp*freejob*freedisc*RESANCT} + \cancel{resanct*incneed*freeemp*FREEJOB*FREEDISC*resanct} + \\ & \cancel{resanct*INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT} \end{aligned}$$

$$(t'GMIEFF) (GMIEFF) = incneed*freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT + INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + resanct*INCNEED*freeemp*freejob*freedisc + incneed*freeemp*FREEJOB*FREEDISC*resanct$$

$$(t'GMIEFF) (GMIEFF) = incneed*freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + \underline{INCNEED*freeemp*freejob*freedisc} + freeemp*freejob*freedisc*RESANCT + \underline{incneed*freeemp*FREEJOB*FREEDISC*resanct} + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT + \underline{INCNEED*freeemp*freejob*freedisc} + \underline{freeemp*freejob*freedisc*RESANCT} + \underline{INCNEED*freeemp*freejob*freedisc} + \underline{freeemp*freejob*freedisc*RESANCT} + resanct*INCNEED*freeemp*freejob*freedisc + \underline{incneed*freeemp*FREEJOB*FREEDISC*resanct}$$

$$(t'GMIEFF) (GMIEFF) = INCNEED*freeemp*freejob*freedisc*resanct + incneed*freeemp*freejob*freedisc*RESANCT + \underline{freeemp*freejob*freedisc*RESANCT} + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT$$

$$(t'GMIEFF) (GMIEFF) = INCNEED*freeemp*freejob*freedisc*resanct + incneed*freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT$$

$$(t'GMIEFF) (GMIEFF) = INCNEED*freeemp*freejob*freedisc + freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREEJOB*FREEDISC*resanct + INCNEED*freeemp*FREEJOB*FREEDISC*RESANCT$$

ANNEX 7 - SENSITIVITY ANALYSIS OF RESULTS
PRODUCED BY QCA

1. MAPPING DIVERSITY IN GMI SCHEMES

This Annex will evaluate the impact of eliminating cases where the increase in investment in ALMP could have an impact in the percentage of recipients who find a job (SZH99, SB98, ABW99 and JSA99), and where marginal effectiveness is close to 0 (RMG98, ABW97).

Table 1 – Crisp-Set representation of the remaining cases

	<i>Income needs are better satisfied^a</i>	<i>More freedom to chose other activities instead of paid employment^b</i>	<i>More freedom to choose the job one wants^c</i>	<i>More freedom from discretion^d</i>	<i>Use of restitutory sanctions^e</i>	<i>More Effective Schemes^f</i>
SZH97	0	1	1	0	1	0
SB97	1	0	0	0	0	1
RMI98	0	0	0	1	0	0
SWA98	1	0	1	1	1	1
TTK97	0	0	0	0	1	1
TTK99	0	0	0	0	1	1
JSA97	0	0	1	1	0	1

Table 2 - Hypothetical Truth Table on the Causes that produce More Effective Schemes

<i>Income needs are better satisfied ^a</i>	<i>More freedom to chase other activities instead of paid employment ^b</i>	<i>More freedom to choose the job one wants ^c</i>	<i>More freedom from discretion ^d</i>	<i>Use of restitutory sanctions ^e</i>	<i>More Effective Schemes ^f</i>	<i>Cases</i>
1	0	0	0	0	1	SB97
1	0	1	1	1	1	SWA98
0	0	0	0	1	1	TTK97; TTK99
0	0	1	1	0	1	JSA97
0	0	0	1	0	0	RMI98
0	1	1	0	1	0	SZH97

2. ANALYSING THE EMPLOYMENT EFFECTIVENESS OF GMI SCHEMES

Note:

INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT – Redundant condition/combination

INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT – Inconsistent combination

2.1. ANALYSING POSITIVE CASES

$GMIEFF = INCNEED * freeemp * frejob * fredisc * resanct + incneed * freeemp * frejob * fredisc * RESANCT +$
 $incneed * freeemp * FREJOB * FREDISC * resanct + INCNEED * freeemp * FREJOB * FREDISC * RESANCT$

$GMIEFF = freeemp * frejob * fredisc (INCNEED * resanct + incneed * RESANCT) + freeemp * FREJOB * FREDISC (incneed * resanct + INCNEED * RESANCT)$

2.2. ANALYSING NEGATIVE CASES

$gmieff = incneed * freeemp * frejob * FREDISC * resanct + incneed * FREEEMP * FREJOB * fredisc * RESANCT$

3. VALIDATION OF THE RESEARCH HYPOTHESIS

3.1. EMPIRICAL CONFIRMATION OF RESEARCH HYPOTHESIS

$GMIEFF = INCNEED * freeemp * frejob * fredisc * resanct + incneed * freeemp * frejob * fredisc * RESANCT +$
 $incneed * freeemp * FREJOB * FREDISC * resanct + INCNEED * freeemp * FREJOB * FREDISC * RESANCT$

$T'GMIEFF = INCNEED * FREEEMP * FREEJOB * FREEDISC * RESANCT$

$(T'GMIEFF) (GMIEFF) = (INCNEED * freeemp * frejob * fredisc * resanct + incneed * freeemp * frejob * fredisc * RESANCT +$
 $incneed * freeemp * FREJOB * FREDISC * resanct + INCNEED * freeemp * FREJOB * FREDISC * RESANCT) (INCNEED * FREEEMP * FREEJOB * FREEDISC * RESANCT)$

$$\begin{aligned} (T'GMIEFF) (GMIEFF) = & (INCNEED*freemp*frejob*fredisc*resanct*INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT) + \\ & (incneed*freemp*frejob*fredisc*RESANCT*INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT) + \\ & (incneed*freemp*FREEJOB*FREEDISC*resanct*INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT) + \\ & (INCNEED*freemp*FREEJOB*FREEDISC*RESANCT*INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT) \end{aligned}$$

$$(T'GMIEFF) (GMIEFF) = 0$$

3.2. EMPIRICAL REBUTTAL OF RESEARCH HYPOTHESIS

$$(T'GMIEFF) (gmieff) = (INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT) (incneed*freemp*frejob*FREDISC*resanct+ (incneed*FREEEMP*FREEJOB*fredisc*RESANCT)$$

$$\begin{aligned} (T'GMIEFF) (gmieff) = & INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT*incneed*freemp*frejob*FREDISC*resanct + \\ & INCNEED*FREEEMP*FREEJOB*FREEDISC*RESANCT*incneed*FREEEMP*FREEJOB*fredisc*RESANCT \end{aligned}$$

$$(T'GMIEFF) (gmieff) = 0$$

3.3. IDENTIFYING THE INSUFFICIENCIES OF THE NORMATIVE FRAMEWORK

$$t'GMIEFF = incneed + freeemp + freejob + freedisc + resanct$$

$$(t'GMIEFF) (GMIEFF) = (incneed + freeemp + freejob + freedisc + resanct) (INCNEED*freeemp*freejob*freedisc*resanct + incneed*freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREJOB*FREDISC*resanct + INCNEED*freeemp*FREJOB*FREDISC*RESANCT)$$

$$(t'GMIEFF) (GMIEFF) = ~~incneed*INCNEED~~*freeemp*freejob*freedisc*resanct + incneed*incneed*freeemp*freejob*freedisc*RESANCT + incneed*incneed*freeemp*FREJOB*FREDISC*resanct + ~~incneed*INCNEED~~*freeemp*FREJOB*FREDISC*RESANCT + freeemp*INCNEED*freeemp*freejob*freedisc*resanct + freeemp*incneed*freeemp*freejob*freedisc*RESANCT + freeemp*incneed*freeemp*FREJOB*FREDISC*resanct + freeemp*INCNEED*freeemp*FREJOB*FREDISC*RESANCT + freejob*INCNEED*freeemp*freejob*freedisc*resanct + freejob*incneed*freeemp*freejob*freedisc*RESANCT + freejob*incneed*freeemp*~~FREJOB~~*FREDISC*resanct + freejob*INCNEED*freeemp*~~FREJOB~~*FREDISC*RESANCT + freedisc*INCNEED*freeemp*freejob*freedisc*resanct + freedisc*incneed*freeemp*freejob*freedisc*RESANCT + freedisc*incneed*freeemp*FREJOB*~~FREDISC~~*resanct + freedisc*INCNEED*freeemp*FREJOB*~~FREDISC~~*RESANCT + resanct*INCNEED*freeemp*freejob*freedisc*resanct + resanct*incneed*freeemp*freejob*freedisc*~~RESANCT~~ + resanct*incneed*freeemp*FREJOB*FREDISC*resanct + resanct*INCNEED*freeemp*FREJOB*FREDISC*~~RESANCT~~$$

$$(t'GMIEFF) (GMIEFF) = incneed*freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREJOB*FREDISC*resanct + INCNEED*freeemp*freejob*freedisc*resanct + incneed*freeemp*freejob*freedisc*RESANCT + incneed*freeemp*FREJOB*FREDISC*resanct + INCNEED*freeemp*FREJOB*FREDISC*RESANCT +$$

INCNEED*freeemp*frejob*fredisc*resanct + incneed*freeemp*frejob*fredisc*RESANCT + INCNEED*freeemp*frejob*fredisc*resanct + incneed*freeemp*frejob*fredisc*RESANCT +
INCNEED*freeemp*frejob*fredisc*resanct + incneed*freeemp*FREJOB*FREDISC*resanct

(t'GMIEFF) (GMIEFF) = incneed*freeemp*frejob*fredisc*RESANCT + incneed*freeemp*FREJOB*FREDISC*resanct + INCNEED*freeemp*frejob*fredisc*resanct +
INCNEED*freeemp*FREJOB*FREDISC*RESANCT